Reservation, State of Utah; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H. R. 12680) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON (by request): A bill (H. R. 12681) to amend section 1 of the act of Congress entitled "An act to fix the salaries of officers and members of the Metropolitan Police force, the United States Park Police force, and the fire department of the District of Columbia", approved May 27, 1924, and for other purposes; to the Committee on the District of Columbia.

By Mr. O'CONNELL: A bill (H. R. 12682) authorizing the construction and operation of two American trans-Atlantic airships; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCKLER of Minnesota: A bill (H. R. 12683) authorizing the Secretary of Commerce to establish a fish-cultural station in northern Minnesota; to the Committee on Merchant Marine and Fisheries.

By Mr. CASTELLOW: A bill (H. R. 12684) providing for the sale of certain lands within the Fort Benning Military Reservation, Ga.; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H. R. 12685) granting the consent of Congress to the county of Horry, S. C., to construct, maintain, and operate a free highway bridge across the Waccamaw River, at or near Red Bluff, S. C.; to the Committee on Interstate and Foreign Commerce.

By Mr. McLAUGHLIN: A bill (H. R. 12686) authorizing the Chief of the Weather Bureau to enter into 3-year contracts for airplane observation flight services; to the Committee on Agriculture.

By Mr. MAVERICK (by request): A bill (H. R. 12687) to provide for the protection of workmen on public buildings; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H. R. 12688) granting a pension to Hattie B. Roberts; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN: A bill (H. R. 12689) for the relief of William McKinley Gill; to the Committee on Military Affairs.

Also, a bill (H. R. 12690) authorizing the President of the United States to present, in the name of Congress, a Medal of Honor to Thomas E. Langdon; to the Committee on Military Affairs.

Also, a bill (H. R. 12691) granting a pension to Harriett M. Hughes; to the Committee on Invalid Pensions.

By Mr. SHANLEY: A bill (H. R. 12692) for the relief of David W. Morgan; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10871. By Mr. CULLEN: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., endorsing and supporting the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10872. By Mr. HILDEBRANDT: Resolution of the American Legion, favoring the construction of a veterans' hospital at some point east of the Missouri River; to the Committee on World War Veterans' Legislation.

10873. By Mr. JOHNSON of Texas: Memorial of G. P. Todd, of Ennis, Tex., in behalf of the Smith resolution, regarding payment of cotton-pool certificates; to the Committee on Agriculture.

10874. By Mr. KENNEY: Petition of the North Hudson Real Estate Board, Inc., requesting the Interstate and Foreign Commerce Committee to favorably consider the Copeland-Kenney bill (H. R. 31) now before the House of Representatives; to the Committee on Interstate and Foreign Commerce.

10875. Also, resolution of the executive committee of the Newark Newspaper Guild, urging the President and Congress to continue the Federal arts projects on a national basis under direct Federal control, and requesting resolution be sent to the President and to Members of Congress; to the Committee on Appropriations.

10876. Also, petition of the American Association of University Women, Grand Junction, Colo., favoring the pure food and drug bill with elimination of provisions permitting claimant whose goods have been seized to require trial in a court in his own district; preventing multiple seizures of misbranded products; and urging the retention of enforcement of advertising provisions of the act under the Food and Drug Administration; to the Committee on Interstate and Foreign Commerce.

10877. By Mr. PFEIFER: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., urging support of the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10878. By Mr. SUTPHIN: Petition of the executive committee of the Newark (N. J.) Newspaper Guild, commending the Federal arts projects of the Works Progress Administration, and urging that same be continued on a national basis under direct Federal control; to the Committee on Appropriations.

10879. By Mr. TREADWAY: Petition of the custodial employees of the Post Office and Treasury Departments in Boston, Mass., urging the enactment of the Boylan bill; to the Committee on the Civil Service.

SENATE

WEDNESDAY, MAY 13, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, May 12, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3161) to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, etc.", approved March 3, 1925, as amended, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, it being obvious that a quorum is not present, I ask that the roll be called.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Byrnes	Gibson	McAdoo
Ashurst	Capper	Glass	McGill
Austin	Caraway	Guffey	McKellar
Bachman	Clark	Hale	McNary
Bailey	Connally	Harrison	Maloney
Barbour	Coolidge	Hastings	Metcalf
Barkley	Copeland	Hatch	Minton
Benson	Couzens	Hayden	Moore
Black	Davis	Johnson	Murphy
Bone	Dieterich	Keyes	Murray
Borah	Donahey	King	Norris
Brown	Duffy	La Follette	Nye
Bulkley	Fletcher	Lewis	Pittman
Bulow	Frazier	Logan	Pope
Burke	George	Lonergan	Radcliffe
Byrd	Gerry	Long	Reynolds

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Robinson	Smith	Truman	Walsh
Russell	Steiwer	Tydings	Wheeler
Schwellenbach	Thomas, Okla.	Vandenberg	White
Sheppard	Thomas, Utah	Van Nuys	
Shipstead	Townsend	Wagner	

Mr. LEWIS. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. McCARRAN] are absent because of illness; that the Senator from New Mexico [Mr. CHAVEZ] is absent because of a death in his family; and that the Senator from Mississippi [Mr. BILBO], the Senator from Oklahoma [Mr. GORE], the junior Senator from West Virginia [Mr. HOLT], the senior Senator from West Virginia [Mr. NEELY], the junior Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Louisiana [Mr. OVERTON] are necessarily detained from the Senate.

Mr. McNARY. I announce that the Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

ADDITIONAL CIRCUIT JUDGE, THIRD CIRCUIT—RECONSIDERATION

Mr. DAVIS. Mr. President, I enter a motion to reconsider the vote by which the bill (S. 4457) authorizing the appointment of an additional circuit judge for the third circuit was passed on yesterday.

The VICE PRESIDENT. The motion will be entered.

DEFICIENCY ESTIMATES, DEPARTMENT OF JUSTICE (S. DOC. NO. 212)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of Justice, amounting to $112.30, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY AND SUPPLEMENTAL ESTIMATES, DISTRICT OF COLUMBIA (S. DOC. NO. 211)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a deficiency estimate of appropriation for the District of Columbia for the fiscal year 1933 and supplemental estimates of appropriation for the fiscal year 1936, amounting in all to $4,137.99, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

ACTIVITIES AND EXPENDITURES OF RESETTLEMENT ADMINISTRATION (S. DOC. NO. 213)

The VICE PRESIDENT laid before the Senate a letter from the Administrator of the Resettlement Administration, transmitting, in response to Senate Resolution 295 (submitted by Mr. BARBOUR and agreed to May 8, 1936), a report covering the objectives, accomplishments, and effects of the resettlement program, which, with the accompanying report, was referred to the Committee on Agriculture and Forestry.

Mr. McNARY subsequently said: Mr. President, I have just been advised that the Resettlement Administration, in response to a resolution offered by the Senator from New Jersey [Mr. BARBOUR], has submitted a report to the Senate, and in the absence of the Senator from New Jersey, and for him, I ask that the report be printed, with illustrations, as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Central Labor Union of Philadelphia, Pa., and vicinity, favoring the enactment of legislation for the creation of a court of appeals for civil-service employees with employee representation thereon through a recognized union representative, which was referred to the Committee on Civil Service.

He also laid before the Senate resolutions adopted by the City Council of Greenville, S. C., and the Council of the City of Dearborn, Mich., favoring the enactment of the so-called Wagner bill, being Senate bill 4424, known as the United States Housing Act of 1936, which were referred to the Committee on Eudcation and Labor.

He also laid before the Senate a resolution adopted by Hope Council of the Sons and Daughters of Liberty, of Washington, Ill., favoring the prompt enactment of the so-called Reynolds-Starnes immigration-restriction and alien-deportation registration bill, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the joint legislative board of the four transportation brotherhoods assembled at Waco, Tex., favoring the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution of the Nonpartisan County Convention of Mountrail County, N. Dak., favoring the enactment of the so-called Frazier-Lemke refinance bill at the present session, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, opposing the making of any changes in the organic act of the Territory of Hawaii unless such changes receive the prior approval of the people of the Territory expressed through their legislature, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, reaffirming its belief in the protective-tariff policies of the Republican Party, and favoring the broadening of the tariff policy so as to include in its benefits those who depend upon agricultural pursuits for a livelihood, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, favoring the same treatment for the Territory of Hawaii in all Federal legislation as is accorded to the States of the Union, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, favoring the enactment of legislation authorizing an Hawaiian regiment of infantry to be raised locally and for service only in the Hawaiian Islands, which was referred to the Committee on Territories and Insular Affairs.

Mr. WAGNER presented the petition of delegates of the Niagara Falls Central Labor Union, American Federation of Labor, Niagara Falls, N. Y., praying for the enactment of the so-called Walsh-Healey bill, relative to contracts for the sale of materials, supplies, etc., to the United States, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the New York Unemployment Insurance State Advisory Council, favoring amendment of the Federal Social Security Act so as to provide that employers shall be given an allowance of credit against the Federal tax for all contributions paid by them into an approved State unemployment insurance fund, etc., which was referred to the Committee on Finance.

He also presented a resolution adopted by the Lockport (N. Y.) Board of Commerce, favoring the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Elmira, N. Y., praying for the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the New York Adult Blind Aid Association, of New York, N. Y., favoring the enactment of the bill (H. R. 7122) providing for the granting of pensions by the Federal Government to certain blind persons, imposing duties upon the United States Treasurer in connection therewith, providing penalties, and making an appropriation, which was referred to the Committee on Pensions.

LOW-COST HOUSING

Mr. WAGNER presented various resolutions relative to the enactment of pending legislation for improvement in housing conditions, which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

PAUL LAURENCE DUNBAR APARTMENTS, INC.,
New York, April 30, 1936.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: The following resolution for the Wagner-Ellenbogen slum clearance and low-rent housing bill has been adopted by the tenant subscribers of the Paul Laurence Dunbar Apartments, Inc.:

"Whereas we, the tenants of the Paul Laurence Dunbar Apartments, Inc., feel that the passage of the Wagner-Ellenbogen slum clearance and low-rent housing bill will inure to our great benefit and we are anxious that the measure be given favorable consideration by the Congress for the following reasons:

"1. Low-income wage earners in every part of the country are obliged to occupy dwellings which are a constant menace to health and safety, to life itself.

"2. Insanitary and unsafe conditions of housing are an economic drain upon the entire community because the cost to the city of servicing them is commonly many times greater than the amount received by the city in taxes from such property.

"3. Private enterprise finds it unprofitable to provide accommodations of modern standard at rents sufficiently low to meet the needs of low-income workers and therefore it becomes the responsibility of Government to do so.

"4. The clearance of slums and the gradual rehousing of low-income families will provide for a steady flow of activity in the long dormant building industry:

"Be it therefore

"*Resolved*, That the tenants of the Paul Laurence Dunbar Apartments, Inc., hereby goes on record as favoring the purposes and the general provisions outlined in the Wagner-Ellenbogen slum clearance and low-rent housing bill."

Respectfully,

CHARLES W. JOYCE, *Secretary.*

Resolution adopted unanimously by International Longshoremen's Association, Local 1416, Miami, Fla.

Be it known and to go on record that the International Longshoremen's Association, Local 1416, Miami, Fla., do hereby adopt this resolution and to forward same to the President of these United States and also to the Congress and the Senate of the United States and do hereby urge and beseech you this 8th day of May, A. D. 1936, to pass on and enact into law the United States Housing Act, Senate bill No. 4424, introduced by Senator ROBERT F. WAGNER, and that the House of Representatives enact the identical bill introduced in said House by Congressman HARRY ELLENBOGEN, of Pennsylvania, and being H. R. 12164.

That this local go on record and adopt the following resolution:

Whereas the availability of decent sanitary and safe housing for all of the people is now recognized as a proper concern of the Government; and

Whereas the people of low income can be housed adequately only by a degree of Government aid; and

Whereas the low-income group is of necessity occupying cast-off housing in what are known as our slum and blighted areas; and

Whereas the continued maintenance of our slums is socially undesirable and an economic waste; and

Whereas the city of Miami has embarked upon a low-cost housing and slum-clearance program with the aid of the Housing Division of the Emergency Administration of Public Works; and

Whereas no funds are available to carry on this work without additional appropriations; and

Whereas it is desirable to preserve the benefits of the emergency housing experiences by providing for a permanent housing agency in the Federal Government; and

Whereas the building trades are still in need of stimulation in order to bring back a greater degree of employment; and

Whereas this resolution constitutes an emergency in that the same provides for the immediate preservation of public property and the usual daily operation of a municipal department: Now, therefore, be it

Resolved by Local 1416 of the International Longshoremen's Association, city of Miami, Fla., and to go on record that we of this organization unanimously adopt this resolution and ask the Congress of the United States, and also the Senate, to enact the above-mentioned bills into law at their earliest possible convenience.

NIAGARA FALLS CENTRAL LABOR UNION,
Niagara Falls, N. Y., May 9, 1936.

Hon. ROBERT F. WAGNER,
United States Senator, Senate Office Building,
Washington, D. C.

MY DEAR MR. WAGNER:

Whereas we in the city of Niagara Falls, N. Y., are urgently aware of the bad housing conditions here and elsewhere, of the acute housing shortage which is growing rapidly worse, of the inability of private enterprise of local initiative alone to remedy this situation, and of the suffering caused by continuous unemployment in the building trades; and

Whereas the Wagner-Ellenbogen housing bill (S. 4424, H. R. 12164) presents the first concrete forward step toward fulfillment of labor's housing program: Be it therefore

Resolved, That the Niagara Falls Central Labor Union heartily endorses the Wagner-Ellenbogen housing bill, and urges its immediate adoption by the Congress of the United States; and be it further

Resolved, That we hereby petition the Congress, while leaving the general policy and administrative set-up as it now is in the bill.

Fraternally yours,

WALTER A. KOSKE,
Recording Secretary.

LACKAWANNA CITY HOUSING AUTHORITY,
Lackawanna, N. Y., May 5, 1936.

At the regular meeting of the Lackawanna City Housing Authority, held May 4, 1936, the following resolution was passed:

"Whereas it has been proven that bad housing is detrimental to the health of the people in a community and that slums constitute an economic waste; and

"Whereas it is an acknowledged fact that good housing for persons of low income cannot be provided through the ordinary channels of private enterprise; and

"Whereas city, State, and National Governments have accepted the principles and acknowledged the obligations of governmental responsibility for the housing of persons who cannot be reached through private enterprise; and

"Whereas it is necessary for the Government to bear a certain portion of the burden of financing the clearance of slums and the construction of low-rent housing: Therefore be it

"*Resolved*, That the Lackawanna City Housing Authority endorses a bill introduced in the Senate by the Honorable ROBERT F. WAGNER, United States Senator from New York, and in the House of Representatives by the Honorable HENRY ELLENBOGEN, Congressman from Pennsylvania, which reads as follows: 'A bill to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions; for the development of decent, safe, and sanitary dwellings for families of low income; and for the reduction of unemployment and the stimulation of business activity; to create a United States housing authority, and for other purposes.' Be it further

"*Resolved*, That a copy of this resolution be forwarded to Hon. ROBERT F. WAGNER and ROYAL S. COPELAND, Senators from New York, and the following Representatives: Hon. JAMES MEAD, Hon. W. G. ANDREWS, Hon. ALFRED BEITER, Hon. HENRY ELLENBOGEN."

N. H. STEBBINS,
Chairman, Lackawanna City Housing Authority.
Rev. JOSEPH GLAPINSKI,
SUZANNE V. KUBIAK,
GERTRUDE WHITEHILL,
TIMOTHY N. MCCORMICK,
Members, Lackawanna City Housing Authority.

Resolution of the Lower East Side Public Housing Conference, 265 Henry Street, N. Y.

Whereas it has been proven that bad housing is detrimental to the health of the people in a community and that slums constitute an economic waste; and

Whereas it is an acknowledged fact that good housing for persons of low income cannot be provided through the ordinary channels of private enterprise; and

Whereas city, State, and National Governments have accepted the principles and acknowledged the obligation of governmental responsibility for the housing of persons who cannot be reached through private enterprise; and

Whereas private enterprise finds it unprofitable to provide housing accommodations of modern standard at rents sufficiently low to meet the needs of low income wage workers, and therefore it becomes the responsibility of the Government to do so: Therefore be it

Resolved, That the Lower East Side Community Council endorses a bill introduced in the Senate by the Honorable ROBERT F. WAGNER, United States Senator from New York, and in the House of Representatives by the Honorable HENRY ELLENBOGEN, Congressman from Pennsylvania; be it further

Resolved, That a copy of this resolution be forwarded to the President of the United States, the Honorable ROBERT F. WAGNER and ROYAL S. COPELAND, Senators from New York, and the Honorable DAVID I. WALSH, chairman of the Senate Committee on Education and Labor, and the following Representatives: Hon. HENRY B. ELLENBOGEN, Hon. EMANUEL CELLER, Hon. JAMES O'LEARY, Hon. SAMUEL DICKSTEIN, Hon. CHRISTOPHER D. SULLIVAN, Hon. WILLIAM

I. SIROVICH, Hon. JOHN J. O'CONNOR, Hon. MARTIN J. KENNEDY, Hon. HENRY B. STEAGALL; and be it further

Resolved, That the Lower East Side Community Council urge the chairman of the Committee on Banking and Currency to arrange for public hearings on this bill, at which time they may appear and present their arguments for its enactment.

Resolution adopted by the housing authorities of the State of New York at a State-wide conference in Syracuse on the 29th of April 1936 sponsored by the New York State Board of Housing and the conference of mayors and other municipal officials of the State of New York

Whereas housing is one of the major social problems in this country; and

Whereas housing for persons of low income is impossible without subsidy; and

Whereas it is now impossible for State and local governments to provide this necessary subsidy; and

Whereas, under Federal administration, great progress has been made in providing housing for families of low income; and

Whereas failure to continue Federal aid would seriously retard housing progress in the United States: Therefore

We, representatives of housing authorities in the State of New York, do by resolution adopted at a State-wide conference in Syracuse on the 29th of April 1936 urge upon the President and the Congress of the United States their support of Senate bill 4424, introduced by Senator ROBERT F. WAGNER, of New York, and H. R. 12164, introduced by Congressman HENRY ELLENBOGEN, of Pennsylvania.

New York City Housing Authority; Langdon W. Post, chairman; Municipal Housing Authority of Schenectady; John MacGathan, chairman; Mrs. Willis T. Hanson, Jr., vice chairman; Richard J. Carmichael; Housing Authority of the City of Port Jervis; Byron E. Harding; Syracuse Housing Authority; T. Aaron Levy, chairman; Mrs. William F. Canough; Orville H. Greene; John A. Dittman; Yonkers Municipal Housing Authority; Theodore T. McCrosky.

REPORTS OF COMMITTEES

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 4609) to correct the description of certain land granted to the University of Utah, reported it without amendment and submitted a report (No. 2025) thereon.

Mr. CONNALLY, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 497) to permit articles imported from foreign countries for the purpose of exhibition at the International Petroleum Exposition, Tulsa, Okla., to be admitted without payment of tariff, and for other purposes, reported it without amendment and submitted a report (No. 2026) thereon.

Mr. McADOO, from the Committee on Patents, to which were referred the following bills, reported them each without amendment:

H. R. 9995. A bill to grant a renewal of patent no. 59560 relating to the emblem of the Disabled American Veterans of the World War; and

H. R. 10194. A bill granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent the second time, and referred as follows:

By Mr. McADOO:

A bill (S. 4625) for the relief of Vincent Ford (with an accompanying paper); to the Committee on Military Affairs.

By Mr. POPE:

A bill (S. 4626) to create a Federal crop insurance corporation, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. ROBINSON:

A joint resolution (S. J. Res. 266) for the appointment of boards to study and report upon the Atlantic-Gulf Ship Canal project, Florida, and the Passamaquoddy tidal power project, Maine, and for other purposes; to the Committee on Commerce.

INVESTMENTS OF FOREIGN CITIZENS IN UNITED STATES

Mr. McADOO. Mr. President, I ask unanimous consent to introduce a joint resolution and have it read to the Senate—it is not very long—and then I should like to have it lie on the table.

The VICE PRESIDENT. Without objection, the joint resolution will be received, and the clerk will read, as requested.

The joint resolution (S. J. Res. 265) authorizing an inventory or census of all property, including investments of every kind and character, in the United States belonging to citizens or subjects of foreign nations, and for other purposes, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Secretary of Commerce, in cooperation with the Securities and Exchange Commission, is authorized and directed to make an inventory or census of all property, including investments of every kind and character, in the United States belonging to or held or controlled for or on behalf of any cititzen or subject of any foreign nation, or any corporation, association, company, firm, trust, or partnership organized under the laws of any foreign nation.

SEC. 2. As used in this act—

(a) The term "property, including investments of every kind and character, in the United States", shall mean all property of every character and description, whether real, personal, or mixed, tangible or intangible, in any State, or in any Territory, possession, or place subject to the jurisdiction of the United States, including all obligations of, and capital stock or beneficial interests in, any corporation, unincorporated association or company, firm, trust, or partnership organized or existing under the laws of any such State, Territory, possession, or place, irrespective of the physical location of such obligations, capital stock, or beneficial interests.

(b) The term "person" shall, unless otherwise expressly provided, mean and include every individual who is a citizen of the United States or a resident within any State, Territory, possession, or place subject to the jurisdiction of the United States, and every corporation, association, company, firm, trust, or partnership organized or existing under the laws of any such State, Territory, possession, or place, or of any foreign nation or political subdivision thereof if residing in any such State, Territory, possession, or place.

SEC. 3. Every person who, alone or jointly with others, holds or has or shall hold or have custody or control of any property in the United States of, for, or on behalf of a citizen or subject of a foreign nation or a corporation, association, company, firm, trust, or partnership organized under the laws of a foreign nation, and any person who is or shall be indebted in any way to any such citizen, subject, corporation, association, company, firm, trust, or partnership shall, within such time or times and under such rules and regulations as the Secretary of Commerce may prescribe, make and deliver to the Secretary a full report of such fact by written statement, sworn to by such person, or in case such person is not an individual, by the representative of such person, containing such particulars as the Secretary shall require.

SEC. 4. Every person, other than an individual, issuing shares or certificates representing beneficial interests, shall, within such time or times, and under such rules and regulations as the Secretary of Commerce may prescribe, make and deliver to the Secretary a statement in writing, sworn to by a duly authorized representative of such person, showing the amount and character of the shares or certificates issued by such person and held by each such citizen, subject, corporation, association, company, firm, trust, or partnership, or by a representative or nominee of any one of them.

SEC. 5. The Securities and Exchange Commission is authorized and directed to cooperate with the Secretary of Commerce, upon the request of said Secretary, in any way which may be practicable for carrying out the purposes of this act; and the said Commission and all other agencies and establishments of the Government are authorized and directed to furnish to the Secretary of Commerce, upon request, all information in their possession which may aid the Secretary in carrying out the purposes of this act.

SEC. 6. The Secretary of Commerce is authorized to prescribe such rules and regulations as may be necessary effectively to carry out the purposes of this act. Any violation of this act or of any such rule or regulation shall be punished by fine of not to exceed $500 or imprisonment for not to exceed 6 months, or both.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

The VICE PRESIDENT. The joint resolution will lie on the table.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. BONE submitted an amendment intended to be proposed by him to the bill (H. R. 12395) to provide revenue, to equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

JOHN N. HUNTER ET AL.—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 8799) for the relief of John N. Hunter, Edmund M. Cook, Fred C. Putnam, Merchants National Bank of South Bend, Ind., and St. Joseph

Loan & Trust Co., of South Bend, Ind., which was referred to the Committee on Claims and ordered to be printed.

AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. LEWIS submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:
"The Secretary of the Treasury is hereby directed to pay to Gladys Hinckley Werlich, widow of McCeney Werlich, late a Foreign Service officer of the United States at Paris, France, the sum of $4,100, as authorized by H. R. 12183. This sum of $4,100 being 1 year's salary of the late McCeney Werlich, who died while in the Foreign Service."

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 3, after line 13, to insert the following:
"For the printing and binding of a compilation containing the provisions of Federal laws held unconstitutional by the Supreme Court of the United States, $1,200."

REORGANIZATION OF CORPORATIONS UNDER BANKRUPTCY LAW

The Senate resumed the consideration of the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The VICE PRESIDENT. The first amendment reported by the Committee on the Judiciary will be stated.

Mr. ROBINSON. Mr. President, I think it is generally felt by Senators that the Senator in charge of the bill, the Senator from Indiana [Mr. VAN NUYS], should make a general explanation of the purposes and provisions of the measure.

Mr. VAN NUYS. Mr. President, I shall be glad to explain the provisions of the bill and the amendments proposed by the Committee on the Judiciary of the Senate.

The bill, which originated in the House, proposes certain amendments to section 77B of the Bankruptcy Act, which is the corporate reorganization provision of the act passed in the Seventy-third Congress. Under the old law three creditors holding an aggregate of over $1,000 in debts against a corporation could file a petition and bring an action to reorganize the corporation. The first material amendment proposed by the House bill is that the three creditors must be possessed of at least 5 percent of the total indebtedness of the corporation. The Senate Committee on the Judiciary approve that amendment and think it is very reasonable to impose a limitation or requirement of the possession of at least 5 percent of the total indebtedness before creditors may file a petition for reorganization.

The second amendment to the existing law proposed by the House bill provides that the petition of creditors must set out in detail the status of the corporation and its indebtedness and the facts showing the necessity for the relief prayed. This amendment requires the creditors' petition to conform to the same requisites as in the case of a corporation in the event a corporation had filed a petition.

The third material amendment proposed by the House bill is to the effect that if the manager, after the petition has been approved, shall continue in possession of the property and be appointed trustee under the law, he shall receive only one fee or salary. Experience has shown that often the manager has been appointed trustee and has drawn both the trustee's salary and the manager's salary. This amendment would prevent the pyramiding of salaries.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Utah?

Mr. VAN NUYS. I yield.

Mr. KING. Some of us, and I am speaking principally for myself, are not familiar with the workings of the present act, and do not know whether it has proved satisfactory or unsatisfactory. We are not familiar, perhaps, with some of the details of the act. Will the Senator kindly explain the bill, its object, and also the amendments which he deems necessary to perfect it, so its general purposes may be understood?

Mr. MINTON. Mr. President, will my colleague yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to his colleague?

Mr. VAN NUYS. Certainly.

Mr. MINTON. I understand the amendments my colleague has just been discussing would prevent one from being trustee and at the same time manager. Is there anything in the amendment which compels him to make a choice, or anything of that kind?

Mr. VAN NUYS. No.

Mr. MINTON. Does the amendment provide that if he is one he cannot be the other?

Mr. VAN NUYS. No. The amendment provides that if the court, in its discretion, shall appoint the manager of the corporation as trustee under the law, he cannot draw two salaries, one as trustee and one as manager of the corporation. Experience has shown that that has been done in some instances.

Recurring to the query of the Senator from Utah [Mr. KING], these are amendments to section 77B of the Bankruptcy Act, which is the Corporate Reorganization Act passed in the Seventy-third Congress. I wish I had the time this afternoon, and I think I shall take occasion later on, to discuss the wholesome workings of this particular statute. Hundreds of corporations in failing circumstances have invoked the relief provided by this statute. Under the workings of the statute corporations which otherwise would have had to go into bankruptcy and complete collapse have rehabilitated themselves, keeping their doors open, and employing thousands of employees who otherwise probably would have gone on the relief rolls. I really think one of the most constructive pieces of legislation passed by the Seventy-third Congress was the Corporation Reorganization Act.

Mr. KING. Does the act fully protect the creditors?

Mr. VAN NUYS. It fully protects creditors and has been invoked by creditors in many instances.

Coming now to the amendments proposed by the Senate Committee on the Judiciary, the first of such amendments will be offered on page 4, line 17. This amendment is not in the bill as reported by the Committee on the Judiciary, but will be submitted as a committee amendment.

Mr. KING. Mr. President, will the Senator yield again at that point?

Mr. VAN NUYS. Certainly.

Mr. KING. This is rather a long bill. Does it reenact part of the existing law with amendments, and does that account for its length?

Mr. VAN NUYS. That is true.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Oregon?

Mr. VAN NUYS. Certainly.

Mr. McNARY. I merely wish to suggest that some of us on this side of the Chamber would like to know what is going on. I should like to have the Senator speak louder so he may be heard. Is the Senator referring now to the Senate committee amendments?

Mr. VAN NUYS. Yes; at this time I am. The first committee amendment will be found on page 4, line 17, and would substitute the words "the security" for the words "secured debts." It was never intended that the creditor should possess $1,000 of debts over and above their secured debts, but over and above the security which any of them might have. The same amendment will be offered in line 25.

On page 4, beginning in line 18, the committee has added different classes of creditors who may be eligible as petitioners for reorganization. These include those holding provable claims against corporations engaged in owning, holding, or selling real estate, real-estate mortgages, or oil or gas royalties. In instances such petitioning creditors have been refused the relief provided by the present law, and it is to assist them in invoking the relief provided under the law that this amendment is proposed.

On page 5, in line 14, after the word "appointed", the committee proposes to add the words "or any arrangement in lieu thereof has not been approved." The purpose of that amendment is to take care of a situation existing in several places, but particularly in the city of Chicago. When petitioning creditors ask for relief under this law the courts have appointed trustees to collect the rents and profits on mortgaged properties, but refuse the creditors relief. It is to get away from that abuse of the statute that the amendment is proposed.

On page 5, line 16, after the word "jurisdiction", we propose to add the words "in equity or foreclosure." That is required because the courts of Chicago and of the seventh circuit and the circuit court of appeals of the seventh circuit have decreed that when a receiver is appointed in a foreclosure proceeding the trustee appointed by the court under the act has no authority to claim possession of the property under a receiver in a foreclosure proceeding. To a great degree this has defeated the operation of the statute in the seventh circuit.

The next amendment is on page 6, and provides that the court must find that the corporation was in need of the relief at the time of the adjudication, as well as at the time when the petition was filed. Under the old law, the court was confined to making a finding that the corporation was in need of relief at the time of filing the petition. Between the filing of the petition and the approval of the plan, which covers several weeks, many a corporation has rehabilitated itself; so if the court finds that at the time he is called upon to approve the plan there is no demand for the relief, he is at liberty to refuse the petition.

Mr. ROBINSON. Mr. President, under the present law, if at the time the petition was filed a condition existed making necessary the relief, the court would be required to make the order. This amendment permits the court to exercise his discretion and to decline to make the order if the necessity has disappeared?

Mr. VAN NUYS. That is correct, if the necessity has disappeared at the time he is called upon to approve the petition.

The next amendment is the addition of a new section. Section 3, the new section in question, does not apply to section 77B, but to section 74, which is the statute giving to an individual the same right that has been given to farmers, corporations, and railroads. It is necessary to propose this amendment because, as I have said, when property of a petitioning individual is in the hands of a receiver under a foreclosure sale, many courts have held that the relief demanded by the individual cannot be afforded, and have refused to turn over to the trustee named in the relief act the property in the hands of the trustee under a trust deed, or in the hands of a receiver under a foreclosure proceeding. This section is very important and has been initialed and approved by committees of the American Bar Association and others who have studied it and who are very familiar with the bankruptcy statute.

Mr. KING. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. KING. Does the Senator feel that in the application of the provisions of this bill there should be any distinction between individuals and corporations or copartnerships?

Mr. VAN NUYS. I will say to the Senator from Utah that these amendments attempt to coordinate the relief provided for corporations, for individuals, the attempted relief for farmers with which the Senator is familiar, and for railroads, which acts have been in existence for some time, to unify and make uniform the provisions for all these different classes of petitioning creditors.

Mr. KING. The Senator believes, then, if I correctly interpret his position, that under the provisions of the Constitution of the United States relating to bankruptcy there are no separate categories, but that corporations, individuals, municipalities, and all may avail themselves of the provisions of any law which may be passed based upon the constitutional provision?

Mr. VAN NUYS. That is the general purpose of all these amendments and of these different bills. That is true.

Mr. KING. From what the Senator has learned as to the operation of the statute, does he believe there has been any abuse of the power granted on the part of those who sought relief under bankruptcy proceedings?

Mr. VAN NUYS. The only abuse I have been able to discover has been in the courts of the country, which are slow to adopt innovations such as these different statutes provide. The chief abuse—and it applies to millions of dollars' worth of property in the city of Chicago—is the holding of the circuit court of appeals for the seventh circuit that when a property is in the hands of a receiver under foreclosure, the trustee appointed under the terms of the statute is not entitled to possession of the property. What has happened? Action for foreclosure is brought and a receiver is appointed, and the proceeding is allowed to drift for years and years, and the petitioning creditors are helpless.

I may say that Mr. Justice Cardozo, of the Supreme Court of the United States, upheld the position of the seventh circuit court of appeals, and I think properly so, because the act provides that the trustee shall have all the duties and responsibilities of a receiver in equity; and therefore he held that if the property was in the hands of a receiver in foreclosure, the trustee appointed under the terms of the Bankruptcy Act could not take possession of the property. That decision has paralyzed the functioning of the act in a proper degree, and these amendments are designed to correct that condition.

Mr. KING. Let me say to the Senator that a number of complaints have come to me, not only from Chicago but from New York and a number of other cities, and indeed from some rural districts, that there have been conflicts between the State courts and the Federal courts, and between those proceeding under the bankruptcy statute and those who had control under mortgage foreclosure or State statutes, as a result of which expenses were piled up, so that when final adjudication was had the creditors received an insignificant sum, or perhaps nothing at all.

Mr. VAN NUYS. The Senator is correct, and the purpose of these amendments is to correct the very evil of which the Senator speaks.

Mr. KING. One other question: Are any amendments to be tendered by the Senator which will protect the creditors as well as the owners from the greedy, grasping, avaricious—I was about to say "criminal", but I will withdraw that expression—attitude of so many trustees and attorneys, and the complacency with which the courts too often have received their applications for enormous fees, and have granted what I have conceived to be extortionate rewards?

Mr. VAN NUYS. I desire to be very frank with the Senator from Utah. There is nothing in this bill, or in the amendments it contains, touching the abuses to which the Senator now refers. They ought to be the subject matter of separate legislation.

Mr. MINTON. Mr. President, will the Senator yield for a question?

Mr. VAN NUYS. I yield.

Mr. MINTON. Is not the compensation of all trustees in bankruptcy specifically fixed by statute?

Mr. VAN NUYS. It was under the old bankruptcy act, but not under this bill. The court has the right to fix the compensation of the trustees.

Mr. MINTON. Let me ask the Senator another question. I do not know that I caught the significance of the question of the Senator from Utah [Mr. KING] a moment ago. Do I understand that the amendment which the Senator is now discussing would make it possible, where a suit for foreclosure is pending, to institute a proceeding in bankruptcy, and divest of its jurisdiction the court which had the foreclosure proceedings?

Mr. VAN NUYS. The bill provides that when there is a receiver in foreclosure the trustee is entitled to take possession away from the receiver in foreclosure, which will eliminate one of the worst abuses in connection with the original legislation. As I have said, under the ruling of the circuit court of appeals for the seventh circuit, sustained by the decision handed down on behalf of the Supreme Court of the United States by Mr. Justice Cardozo, the trustee under the act was not entitled to possession of property which was in the hands of a receiver under foreclosure proceedings; and that decision has defeated the proper functioning of the act, particularly in the city of Chicago.

Mr. MINTON. Then, the effect of this bill, if it should pass, would be to abate the foreclosure proceeding, to stay it?

Mr. VAN NUYS. Yes. That is, the effect would be to give to the trustee the right to take possession of property in the hands of the receiver in foreclosure.

Mr. MINTON. Would the foreclosure proceedings proceed to a finality or would they be stayed?

Mr. VAN NUYS. That would be the end of them. That is the purpose of the bill.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. VAN NUYS. I yield.

Mr. CONNALLY. Heretofore it has been the theory of bankruptcy and foreclosure proceedings that a foreclosure proceeding represented the creditors, and the trustee in bankruptcy took the place of the defendant in a sense. Is that true?

Mr. VAN NUYS. That is true; yes, sir.

Mr. CONNALLY. In other words, the trustee in bankruptcy represents the estate, whereas the foreclosing creditors proceed independently of the bankruptcy. They are not required to file anything at all in bankruptcy, are they?

Mr. VAN NUYS. No; but the abuse we are trying to correct——

Mr. CONNALLY. I was just wondering if the abuse resulting from taking the property out of the hands of the receiver in foreclosure would be any worse than the abuse resulting from some of the bankruptcy proceedings in the Federal courts.

Mr. VAN NUYS. This is not really a bankruptcy proceeding; it is a rehabilitation proceeding. The creditors come in and propose a plan of rehabilitation and reorganization.

Mr. CONNALLY. But we are proposing to take this action under the general power of Congress to regulate bankruptcies.

Mr. VAN NUYS. Oh, exactly; the Senator is entirely correct.

Mr. CONNALLY. I should be very glad to do anything to minimize the scandals and the outrages in both bankruptcy courts and receiverships, for that matter; but in equity proceedings, where the creditors file a bill for foreclosure of a mortgage, we will say, and they are really the beneficial owners of the property, in the last analysis, I was just wondering how we can oust their jurisdiction and turn them over to the bankruptcy trustee.

Mr. VAN NUYS. If the receiver in foreclosure would perform his duties and responsibilities as he should, there would never be any necessity of doing so.

Mr. CONNALLY. But is it not just as much the duty of the Federal court to make the receiver in foreclosure perform his functions as it is the duty of the Federal court to see that the trustee in bankruptcy performs his functions?

Mr. VAN NUYS. No; because the receiver in foreclosure is appointed by the State court, and over the receiver the Federal court has no jurisdiction.

Mr. CONNALLY. That is true in some cases, of course, but in many other cases the Federal court has jurisdiction first.

Mr. VAN NUYS. I will say to the Senator from Texas that 99 percent of the foreclosures are in State courts.

Mr. CONNALLY. Is it a desirable public policy to oust the State authorities from the enforcement of these trusts and turn them over to the Federal jurisdiction? I am not familiar with the proposed legislation, and I have great respect for the judgment and legal ability of the Senator from Indiana, as well as a personal attachment for him, and I am not seeking any quarrel with his views, but I am seeking enlightenment.

Mr. VAN NUYS. It is desirable from the standpoint of public policy. Within my own knowledge there are many instances where a receiver has been appointed in a foreclosure, and the courts have held that a trustee appointed by a Federal court could not touch the property, and the receivership has been continued and continued for years and years, with exorbitant fees granted by the State court to the receiver. It is to correct that very abuse that these amendments have been proposed.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield to my colleague.

Mr. MINTON. Are the amendments limited to reorganization proceedings under section 77B, or would they be broad enough to cover any proceeding in bankruptcy?

Mr. VAN NUYS. The amendments are limited to section 77B and section 74, as set out in the new section 3, page 13 of the bill.

Mr. MINTON. Let me ask the Senator whether, in his opinion, the amendments would cover a case where a proceeding had been started to foreclose a mortgage, we will say, in a State court, the State court assumed jurisdiction and possession of the property, either by a receiver or otherwise, and an ordinary proceeding in bankruptcy was instituted. Would this measure then apply to divest the State court of its jurisdiction and transfer it to the Federal court?

Mr. VAN NUYS. In my opinion, it would.

Mr. POPE. Mr. President, will the Senator from Indiana yield?

Mr. VAN NUYS. I yield.

Mr. POPE. I think the Senator stated awhile ago that where a man was appointed manager and receiver by the court he could draw only one salary. Does he have the choice of drawing the salary as manager or as receiver?

Mr. VAN NUYS. No; that is up to the court; but his fee in his joint capacity as manager and trustee shall be no more than it was originally as manager of the corporation.

Mr. McADOO. Mr. President, will the Senator yield to me?

Mr. VAN NUYS. I yield.

Mr. McADOO. I may say to my distinguished friend from Indiana that I have not had a chance to examine the bill, and for that reason the question I am about to ask may be superfluous. Suppose a State court has taken jurisdiction of an action brought by the trustee under a mortgage to foreclose for the benefit of the bondholders.

Mr. McNARY. Mr. President, it is impossible for us to hear the Senator.

Mr. McADOO. I am asking a question about the pending bill.

Mr. McNARY. I have no doubt of that, but I should like to know the nature of the question; and I cannot hear the Senator.

Mr. McADOO. I am not familiar with the bill, and I am addressing myself to the point that was under discussion.

I ask the Senator from Indiana this question: Suppose a proceeding for foreclosure of a mortgage had been instituted in a State court by the trustee under the mortgage for the benefit of the bondholders and the State court had taken jurisdiction. Under the pending measure would the jurisdiction of the court be ousted upon the filing of a petition in bankruptcy?

Mr. VAN NUYS. It would if the petition and plan of reorganization were approved by the court and were acquiesced in by the proper percentage of the creditors.

Mr. McADOO. I may say to the Senator that one of the great abuses we have discovered in an investigation by a committee of which I happen to be chairman is that investors in the bonds of corporations find that they are not permitted to pursue their legitimate remedy in the courts because in some cases bankruptcy proceedings have displaced the jurisdiction of the State courts. That of itself

causes a lack of confidence in investments generally, and to that extent is very harmful to enterprise throughout the country. If by this bill we are going to make the position of the secured creditor less secure than it is already, I should feel considerable apprehension about it. I ask the question merely because I wish to know whether the bill deprives a secured creditor, in those circumstances, of the right to pursue his remedy in the courts.

Mr. HASTINGS. Mr. President, will the Senator from Indiana yield to me?

Mr. VAN NUYS. I yield.

Mr. McADOO. I should like to have an answer to my question before the Senator from Delaware asks a question.

Mr. HASTINGS. I should like to call the attention of the Senator from Indiana to the fact, for fear he may overlook it, that the committee was informed that in many cases such as that suggested by the Senator from California the trustee takes possession and holds on and the minority bondholders have no opportunity at all to realize on the value of the property. The trustee takes it and operates it and holds onto it for a long while. I desired to remind the Senator from Indiana that that was my recollection of the testimony.

Mr. VAN NUYS. Mr. President, I appreciate the observation of the Senator from Delaware, and I will say to the distinguished Senator from California that the only relief the minority bondholders of whom he speaks will have will be found in some legislation such as that provided by the pending bill. The only channel through which minority bondholders and creditors may protect themselves is through some such amendments as we are proposing here. That is one of the main purposes of the amendments.

Mr. KING. Mr. President, I desire a little more light upon a bill so important, and I am not sure but that the questions propounded by the Senator from California and the replies thereto did not make the matter clear. I should like to inquire again, if the inquiry was not made by the Senator from California, where in good faith a creditor has pursued his proper remedy in a State court, for instance, in the foreclosure of a mortgage, and the court has appointed someone to take charge of the property and collect the rents pending a final disposition of the claim, whether some other creditor could then deprive the State court of jurisdiction of the suit then pending, and of the subject matter, and transfer it to the Federal court.

The Senator is familiar, I think, with a situation which has been called to my attention, one existing particularly in New York and Chicago, and in one or two other cities, namely, that there are certain individuals, not to say firms, lawyers and accountants, and others, whose ethics do not reach the standard we would like, bankruptcy rings, who wait and watch for the purpose of getting property into the Federal courts where for an indefinite period it is retained, and they are reaping enormous rewards in the meantime.

I have faith in the Federal courts, of course, but I have faith in the State courts also, and where a State court in good faith has taken jurisdiction over a matter and is administering a trust, I do not want to see a Federal court authorized to jerk that proceeding out of the hands of the State court and transfer it over to the Federal court, where some of these rings, or some creditor who has a subordinate lien or a subordinate claim against the property, goes into the Federal court for that purpose.

Mr. VAN NUYS. Mr. President, I suggest to the Senator from Utah that the plan of reorganization has to be approved by two-thirds of the creditors before the Federal court can approve the plan, appoint a trustee, and demand the possession of the property from a receiver in a State court. It is to defeat the very abuses the Senator from Utah has mentioned that these amendments are proposed. In the city of Chicago there are many tenement houses and hotels for which receivers have been appointed under State courts, and unreasonable, unthinkable compensation has been allowed the receivers and the attorneys for the receivers, eating the very life and the vitals out of the assets of the corporations. It is to take such property away from that kind of abusive administration and put it in the Federal courts that these amendments are proposed.

Mr. MINTON. Mr. President, does it require a two-thirds vote of the secured and unsecured creditors, or of the secured creditors only?

Mr. VAN NUYS. Of all types.

The PRESIDENT pro tempore. The clerk will state the first amendment of the committee.

Mr. VAN NUYS. Mr. President, on behalf of the committee I should like to offer an amendment to come at a point in the bill before the first amendment reported by the committee.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, line 17, after the words "value of", it is proposed to strike out the words "secured debts" and to insert in lieu thereof the words "the security."

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the first amendment of the committee as printed in the bill.

The LEGISLATIVE CLERK. On page 4, line 18, after the word "over" and the comma, it is proposed to insert the words "and three or more creditors who have provable claims against a corporation principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties, or three or more holders of beneficial interest certificates in a common-law trust, principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties which amount in the aggregate, in excess of the value of the securities held by them, if any, to $1,000 or over."

Mr. VAN NUYS. Mr. President, I desire to offer an amendment to the committee amendment, on page 4, line 25, after the words "value of the", to strike out the word "securities", and to insert in lieu thereof the word "security."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 5, line 14, after the word "appointed", to insert the words "or any arrangement in lieu thereof has not been approved"; on page 5, line 16, after the word "jurisdiction", to insert the words "in equity or foreclosure"; and on page 6, line 1, after the word "faith" and the comma, to insert the words "and that the corporation was at the date of the filing of the petition and is at the date of the approval thereof in need of the relief provided for in this section", so as to make the section read:

That subdivision (a) of section 77B of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, be amended to read as follows:

"SEC. 77B. Corporate reorganizations: (a) Any corporation which could become a bankrupt under section 4 of this act, and any railroad or other transportation corporation, except a railroad corporation authorized to file a petition or answer under the provisions of section 77 of this act, and except as hereinafter provided, may file an original petition, or, before adjudication in an involuntary proceeding, an answer, or in any proceeding pending in bankruptcy, whether filed before or after this section becomes effective, provided the present operations of such corporation do not exclude it hereunder, and whether or not the corporation has been adjudicated a bankrupt, a petition stating the requisite jurisdictional facts under this section; the nature of the business of the debtor; in brief description, the assets, liabilities, capital stock, and financial condition of the debtor; if a prior proceeding is pending, the name of the court in which it is pending and the nature of such proceeding; facts showing the need for relief under this section; and that the corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding 6 months or the greater portion thereof, has had its principal place of business or its principal assets, or in any territorial jurisdiction in the State in which it was incorporated. The court shall, upon petition, transfer such proceedings to the territorial jurisdiction where the interests of all the parties will be best subserved. The petition or answer shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition or answer the judge shall enter an order

either approving it as properly filed under this section if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If the petition or answer is so approved, an order of adjudication in bankruptcy shall not be entered and the court in which such order approving the petition or answer is entered shall, during the pendency of the proceedings under this section, have exclusive jurisdiction of the debtor and its property wherever located for the purposes of this section, and shall have and may exercise all the powers, not inconsistent with this section, which a Federal court would have had it appointed a receiver in equity of the property of the debtor by reason of its inability to pay its debts as they mature. The corporation shall be referred to in the proceedings as a 'debtor.' Any corporation the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium, by any debtor, or substantially all of whose properties are operated by such debtor under lease or operating agreement, may file, with the court in which such debtor had filed its petition or answer, and in the same proceeding, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court, if it approves such petition, shall have the same jurisdiction with respect to such corporation, its property, and its creditors and stockholders as the court has with respect to such other debtor. Three or more creditors who have provable claims against any corporation which amount in the aggregate to not less than 5 percent of the total amount of all indebtedness of such corporation as shown by a balance sheet, as of a date within the preceding 12 months, of the corporation or by its latest annual report or by its books and which amount in the aggregate, in excess of the value of the security held by them, if any, to $1,000 or over, and three or more creditors who have provable claims against a corporation principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties, or three or more holders of beneficial interest certificates in a common-law trust, principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties which amount in the aggregate, in excess of the value of the security held by them, if any, to $1,000 or over, may, if such corporation has not filed a petition or answer under this section, file with the court in which such corporation might file a petition under this section, a petition stating the requisite jurisdictional facts under this section, the nature of the business of such corporation, a general description of its assets, liabilities, capital stock, and financial condition, if a prior proceeding in bankruptcy or equity receivership is pending, the name of the court in which it is pending and the nature of such proceedings, facts showing the need of relief under this section, that such corporation is insolvent or unable to meet its debts as they mature, and if the corporation has not been adjudicated a bankrupt or a receiver of the corporation has not been appointed, or any arrangement in lieu thereof has not been approved, by any court of competent jurisdiction in equity or foreclosure, that it has committed an act of bankruptcy within 4 months preceding the date of the filing of the petition, and that such creditors propose that it shall effect a reorganization; and such corporation shall, within 10 days after the service of a copy of such petition upon it, answer such petition. If such answer shall admit (a) the jurisdiction of the court, and (b) the material allegations of the petition, the court shall enter an order approving the petition as properly filed under this section if satisfied that it complies with this section and has been filed in good faith, and that the corporation was at the date of the filing of the petition and is at the date of the approval thereof in need of the relief provided for in this section, or dismiss it if not so satisfied. If such answer shall deny any material allegation of the petition, the judge shall determine summarily the issues presented by the pleadings, without the intervention of a jury, and if the material allegations of the petition are sustained by the proofs and the court is satisfied that the petition complies with this section and has been filed in good faith, it shall approve the petition; otherwise the court shall dismiss the petition; and if any such petition shall be so approved, the proceedings thereon shall continue with like effect as if the corporation had itself filed a petition or answer under this section. In case any such petition or answer or proceedings shall be dismissed in the manner provided in this subdivision (a) or in subdivision (c), clause (8), of this section, the same shall not constitute an act of bankruptcy or an admission of insolvency or be admissible in evidence, without the consent of the debtor, in any proceedings then or thereafter pending or commenced under this act or in any Federal or State court. If three or more creditors who have provable claims which amount in the aggregate in excess of the value of securities held by them, if any, to $1,000 or over, or if stockholders holding 5 percent in number of all shares of stock of any class of the debtor outstanding shall, prior to the hearing provided for in subdivision (c), clause (1), of this section appear and controvert the facts alleged in the petition or answer, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition or answer are sustained by the proofs, the proceedings shall be dismissed."

The amendment was agreed to.

The next amendment of the committee was, in section 2, page 12, line 15, after the words "as the", to strike out "judges" and to insert in lieu thereof "judge", so as to make the section read:

SEC. 2. Subdivision (c) of section 77B of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, is amended to read as follows:

"(c) Upon approving the petition or answer or at any time thereafter, the judge, in addition to the jurisdiction and powers elsewhere in this section conferred upon him, (1) may, after hearing upon notice to the debtor and to such others as the judge may determine, temporarily continue the debtor in possession or appoint a trustee or trustees of the debtor's estate, and shall require the debtor, or such trustee or trustees, if appointed, to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for 2 successive weeks of a hearing to be held within 30 days after such appointment, or, if no such appointment, within 30 days after the approval of the petition or answer, at which hearing or any adjournment thereof, or at any subsequent hearing after notice, the judge may make permanent any such appointment, or terminate it and restore the debtor to possession, or, if no trustee has been appointed, may appoint a trustee or trustees, and may remove any such trustee or trustees and continue the debtor in possession or appoint a substitute trustee or trustees and may appoint an additional trustee or trustees: *Provided, however,* That if the debtor is continued in possession, or if the management of the debtor is appointed trustee, no compensation shall be allowed the management as trustee in addition to the compensation of the management as salary, which salary shall not be in an amount greater than the salary of which the management was in receipt at the time of the approval of the petition or answer; (2) shall fix the amount of the bond of every such trustee, and every such trustee, upon filing such bond, shall have all the title and shall exercise, subject to the control of the judge and consistently with the provisions of this section, all the powers of a trustee appointed pursuant to section 44 of this act, and if authorized by the judge, the same powers as those exercised by a receiver in equity to the extent consistent with this section, and, subject to the authorization and control of the judge, the power to operate the business of the debtor during such period, fixed or indefinite, as the judge may from time to time prescribe; (3) may, for cause shown, authorize the debtor or the trustee or trustees, if appointed, to issue certificates for cash, property, or other consideration approved by the judge for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as may be lawful in the particular case; (4) shall require the debtor, or the trustee or trustees if appointed, at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; and may direct the debtor, or the trustee or trustees if appointed, to prepare (a) a list of all known bondholders and creditors of, or claimants against, the debtor or its property, and the amounts and character of their debts, claims, and securities, and the last known post-office address or place of business of each creditor or claimant, and (b) a list of the stockholders of each class of the debtor, with the last known post-office address or place of business of each, which lists shall be open to the inspection of any creditor or stockholder of the debtor, during reasonable business hours, upon application to the debtor, or to the trustee or trustees, if appointed, and the contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise; (5) may direct the rejection of contracts of the debtor executory in whole or in part; (6) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown, the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification, classify as an unsecured claim the amount of any secured claim in excess of the value of the security therefor, such value to be determined in accordance with the provisions of section 57, clause (h), of this act; (7) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or of the dismissal of the proceedings, or the liquidation of the estate, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (8) if a plan of reorganization is not proposed or accepted within such reasonable period as the judge may fix, or, if proposed and accepted, is not confirmed, may, after hearing, whether the proceeding be voluntary or involuntary, either extend such period or dismiss the proceeding under this section or, except in the case of a railroad or other public utility or of a debtor which has not been found by the judge to be insolvent, direct the estate to be liquidated, or direct the trustee or trustees to liquidate the estate, appointing a trustee or trustees if none shall previously have been appointed, as the interests of the creditors and stockholders may equitably require; (9) may allow a reasonable compensation for

the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and the plan by officers, parties in interest, depositaries, reorganization managers and committees or other representatives of creditors or stockholders, and the attorneys or agents of any of the foregoing and of the debtor, but appeals from orders fixing such allowances may be taken to the circuit court of appeals independently of other appeals in the proceeding and shall be heard summarily; (10) in addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, may enjoin or stay the commencement or continuation of suits against the debtor until after final decree; and may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree; and (11) may refer any matters to a special master, who may be one of the referees in bankruptcy, for consideration and report, either generally or upon specified issues, and allow such master a reasonable compensation and reimbursement for his services and actual and necessary expenses. The debtor shall have the right to be heard on all questions. Any creditor or stockholder shall have the right to be heard on the question of the permanent appointment of any trustee or trustees, and on the proposed confirmation of any reorganization plan, and upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine. In case a trustee is not appointed, the debtor shall continue in the possession of its property, and, if authorized by the judge, shall operate the business thereof during such period, fixed or indefinite, as the judge may from time to time prescribe, and shall have all the title to and shall exercise, consistently with the provisions of this section, all the powers of a trustee appointed pursuant to this section, subject at all times to the control of the judge, and to such limitations, restrictions, terms, and conditions as the judge may from time to time impose and prescribe. While the debtor is in possession (a) its officers shall be entitled to receive only such reasonable compensation as the judge shall from time to time approve, and (b) no person shall be elected or appointed to any office, to fill a vacancy or otherwise, without the prior approval of the judge."

The amendment was agreed to.

The next amendment of the committee was, at the end of section 2, to insert a new section, as follows:

SEC. 3. The first sentence of subdivision (m), section 74, of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, be, and it is hereby, amended to read as follows: "The filing of a debtor's petition or answer seeking relief under this section shall subject the debtor and his property, wherever located, to the exclusive jurisdiction of the court in which the order approving the petition or answer as provided in subsection (a) is filed, and this shall include property of the debtor in the possession of a trustee under a trust deed or a mortgage, or a receiver, custodian, or other officer of any court in a pending cause, irrespective of the date of appointment of such receiver or other officer, or the date of the institution of such proceedings: *Provided*, That it shall not affect any proceeding in any court in which a final decree has been entered unless the debtor's right of redemption has not expired."

That section 74, subsection (e), be amended to read as follows: "An application for the confirmation of a composition or extension proposal may be filed in the court of bankruptcy after, but not before, it has been accepted in writing by a majority in number of all creditors whose claims if unsecured have been allowed, or if secured are proposed to be affected by an extension proposal, which number must represent a majority in amount of such claims; and the money or security necessary to pay all the costs of the proceedings, and in case of a composition, the consideration to be paid by the debtor to his creditors have been deposited in such place as shall be designated by and subject to the order of the court. After the first meeting of the creditors as provided in subdivision (c), the debtor fails to obtain the acceptance of a majority in number of all creditors whose claims are affected by an extension proposal representing a majority in amount, the debtor may submit a proposal for an extension, including a feasible method of financial rehabilitation for the debtor which is for the best interest of all the creditors, including an equitable liquidation for the secured creditors whose claims are affected."

The amendment was agreed to.

The next amendment of the committee was, at the end of the section just agreed to, to insert a new section, as follows:

SEC. 4. Subdivision (a) of said section 77B, as amended by this amendatory act, shall apply to all petitions under said section 77B filed prior to the effective date of this amendatory act which shall not have been approved prior to said date. All other provisions of this amendatory act shall apply to all proceedings under sections 74 and 77B pending on the effective date of this act in which a plan of extension or composition or reorganization has not been finally confirmed by the court or judge.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments. Are there further amendments to be offered?

Mr. VAN NUYS. Mr. President, I send to the desk a further amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, after line 22, and after the committee amendment heretofore agreed to, it is proposed to insert a new section, as follows:

SEC. 5. The first sentence of subdivision (i) of section 77B of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", is amended by striking out all of the first sentence of said subdivision (i) after the words "if the petition or answer is approved" and inserting the following in lieu thereof "The trustee or trustees appointed under this section, or the debtor if no trustee is appointed, shall be entitled forthwith to possession of and vested with title to all property of the debtor, including property in the possession of any receiver or prior trustee, whether appointed by a court or otherwise, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by such receiver or prior trustee and for the payment of such reasonable administrative expenses and allowances as may be fixed by the court in any proceeding in which such receiver or prior trustee was appointed."

Mr. KING. Mr. President, will the Senator from Indiana explain the purpose of the amendment?

Mr. VAN NUYS. The amendment is recommended in order to meet the dictum of Mr. Justice Cardozo in the DuParquet case, recently decided. In that case Justice Cardozo stated that in proceedings under section 77B a court has no power to direct a receiver in a foreclosure action to deliver possession of the property being foreclosed. It seems highly desirable that the 77B court be given this power. The amendment is intended to grant such power. It has also been worded in such manner as to include the power to direct a trustee taking possession under a trust indenture to deliver the property held to the trustee or debtor in proceedings under section 77B. This power seems desirable in order to enable the 77B court to administer all the property of the debtor.

We amended one section, and, in order to coordinate the later section, it is necessary to make the amendment in question.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Indiana.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BUREAU OF NAVIGATION AND STEAMBOAT INSPECTION—CONFERENCE REPORT

Mr. COPELAND submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat inspection laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 6, 8, and 9, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 4450. (a) The Secretary of Commerce shall prescribe rules and regulations for the investigation of marine casualties involving loss of life in order to determine whether any incompetence, misconduct, unskillfulness or willful violation of law on the part of any licensed officer, pilot, seaman, employee, owner or agent of such owner of any vessel involved in such casualty, or any inspector, officer of the Coast Guard, or other officer or employee of the United States, or any other person, caused, or contributed to the cause of such casualty. For the purpose of investigating such a marine casualty, the Secretary of Commerce shall appoint a marine casualty investigation board or boards consisting of a chairman and two other members; the chairman shall be an officer or employee of the Department of Justice (learned in maritime laws) designated by the Attorney General; one member shall be a representative of the Bureau of Marine Inspection and Navigation designated by the Secretary of Commerce; and the other member shall be an officer of the United States Coast Guard designated by the Secretary of the Treasury. All reports shall be made to the Secretary of

Commerce and such reports shall be public records and be open to inspection at reasonable times by any persons. Copies of such reports shall be sent to the Attorney General and to the Secretary of the Treasury."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: On page 5 of the Senate engrossed amendments, line 3, after the comma insert "any owner, licensed officer, or any holder of a certificate of service, or any other person whose conduct is under investigation, or any other party in interest, shall be allowed to be represented by counsel, to cross-examine witnesses, and to call witnesses in his own behalf, and"; and the Senate agree to the same.

ROYAL S. COPELAND,
DUNCAN U. FLETCHER,
HIRAM W. JOHNSON,
WALLACE H. WHITE, Jr.,
MORRIS SHEPPARD,
Managers on the part of the Senate.

S. O. BLAND,
WILLIAM I. SIROVICH,
ROBERT RAMSPECK,
RICHARD J. WELCH,
Managers on the part of the House.

The report was agreed to.

REGULATION OF STEAM BOILERS, ETC., IN THE DISTRICT

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2953) to provide for the inspection, control, and regulation of steam boilers and unfired pressure vessels in the District of Columbia.

Mr. KING. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. KING, Mr. REYNOLDS, and Mr. CAPPER conferees on the part of the Senate.

RELIEF OF OFFICERS AND SOLDIERS OF THE VOLUNTEER SERVICE

Mr. ROBINSON. Mr. President, I understand a motion is pending to reconsider the vote by which the Senate passed House bill 9472, for the relief of officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace April 11, 1899, and that Senators desire to have that motion taken up now.

The PRESIDENT pro tempore. The motion is pending before the Senate.

Mr. KING. Mr. President, I should like to debate the motion for a few minutes.

Mr. McNARY. Mr. President, as I understand, the motion is to reconsider the vote by which the Senate passed the bill.

The PRESIDENT pro tempore. The Senator is correct. The Chair will state the parliamentary situation as the Chair understands it.

There is pending a motion made by the Senator from Kansas [Mr. CAPPER] to proceed to the consideration of the motion of the Senator from Utah [Mr. KING] to reconsider the vote by which House bill 9472 was passed. Under the motion pending the Senator from Utah is recognized.

Mr. KING. Mr. President, the bill before us—H. R. 9472—passed the House in March, and later, during the morning hour, was brought up in the Senate. Like many other bills that are reached during the morning hour, or under the 5-minute rule, the message passed the Senate without any discussion and, as I am advised, without any consideration. Shortly thereafter my attention was called to the fact that a bill—H. R. 2024—in substantially the same form had passed last year and had been vetoed on the 2d of September 1935 by the President. In view of the action of the President, I believed that it was only fair that the Senate should have an opportunity to consider the bill and to learn of its provisions. Accordingly, I entered a motion to reconsider the action of the Senate in the passing of the bill, and the motion to reconsider is now before the Senate.

In my opinion, the President's veto message presents the issue involved, and is a sufficient explanation of the bill which is now before us. It occurs to me that we owe it to the President to consider his position with respect to the bill, and the reasons assigned by him for vetoing a measure which, as I stated, is practically the same as the one before us. The President, upon many occasions, has evinced his interest in those who have rendered service either on land or sea in behalf of our country and flag, and his action in vetoing the bill referred to, should be a challenge to the Congress to consider the reasons assigned and to investigate all facts involved with a view to determining the validity and justice of the President's position. He stated in the message which I have just referred to that the approval of the message presented to him would result in the—

> Payment of a gratuity to each of the officers and men concerned in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippine Islands to the United States.

He further stated that this would be a "benefit utterly without warrant" for the reason that—

> Each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full pay for the entire time.

Mr. President, all Americans appreciate the services rendered by the military forces of the United States, whether those in the Regular Army or in the voluntary forces, during the Spanish-American War. Both in Cuba and the Philippine Islands our military forces rendered conspicuous and important service in behalf of our country. Their record is one of which they and the American people are proud.

The message of the President to which I have referred is as follows:

THE WHITE HOUSE,
September 2, 1935.

I have disapproved H. R. 2024, an act for the relief of officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899.

The effect of this bill is that the beneficiaries thereof "shall be entitled to the travel pay and allowance for subsistence provided in sections 1289 and 1290, Revised Statutes, as then amended and in effect, as though discharged April 11, 1899, by reason of expiration of enlistment, and appointed or reenlisted April 12, 1899, without deduction of travel pay and subsistence paid such officers or soldiers on final muster out subsequent to April 11, 1899."

I am advised by the Secretary of War that there was approximately 15,000 officers and soldiers of the Volunteer forces of the United States in the Philippine Islands at the conclusion of peace with the Kingdom of Spain who would become beneficiaries of this act.

The Comptroller General, in his report of February 23, 1935, advises that the enactment of this bill would authorize payment of travel pay at the rate of 1 day's pay and 1 ration for each 20 miles, inclusive of the distance by water from the Philippine Islands to San Francisco, approximately 8,000 miles, and that such payments for the water travel alone will exceed 1 year's pay plus 1 day's ration for each day of such period. It is estimated the cost of the legislation will approximate $7,000,000.

Congress has heretofore recognized the service of these officers and men by the award of a special medal, and there was also an allowance by the act of Congress approved January 12, 1899, of 2 months' extra pay to all Volunteers who served honestly and faithfully beyond the continental limits of the United States. I join most heartily in recognizing and appreciating the patriotic service of these men.

However, approval of this bill would result in the payment of a gratuity to each of the officers and men concerned in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippines to the United States, a benefit utterly without warrant, since each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full pay for the entire time.

I have recently signed an act restoring pensioners of the War with Spain and Philippine Insurrection to their full rate of pension. I feel that no breach of trust has been committed by the Government as regards the men who served their country in the War with Spain and Philippine Insurrection, and from the facts in this case general legislation upon this subject as provided in H. R. 2024 is not deemed advisable.

Mr. President, the facts, as I understand them, are substantially as follows: During the Spanish-American War the Government sent a large number of soldiers to the Philippine Islands. Among them were several thousand Volunteers. Under the terms of their enlistment, when peace was declared, automatically their military services terminated. The

situation, however, in the Philippine Islands was such as to require our Government to maintain in the Archipelago a considerable military force. Several thousand Volunteers whose terms of services were ended volunteered to remain, and reenlisted for service in the islands.

The President states that the treaty of peace between the United States and Spain was ratified on April 11, 1899, and, as I have indicated, the American Volunteers were entitled to their immediate discharge. Several thousand who were within this category immediately reenlisted; others were mustered out and returned to the United States, the Government furnishing water transportation to the mainland and cash from the landing port to the place where they enlisted. The Volunteers who returned home at the termination of their enlistment were treated just the same as officers and men of the Regular Army—i. e., the Government transported them from the Philippine Islands to continental United States and also furnished them cash to take them from the landing ports to their homes. The Volunteers who elected to reenlist the same day or the day after the termination of their enlistment received a cash allowance from the continental port where they would have landed to their respective homes, even though they did not return home at that time. The Volunteers who did reenlist, and they were mustered out several months later, were transported by the Government to continental ports, from which they went, presumably by train, to their homes. As stated, those in this class had received the usual cash amount or payment to meet transportation costs from the landing ports to their various homes. There is no question but that the Volunteer officers and men, when they were finally mustered out, received the same consideration by way of money and transportation as was accorded to the Volunteer officers and men who did not reenlist or those who were in the Regular military service of the Government. A number of the Volunteers did not return home, but remained, and still remain, in the Philippine Islands. They received the same cash payment as if they had returned to their homes in the United States.

The contention is now made by those supporting the pending bill that the Volunteers who reenlisted the same day or the next day after they were entitled to discharge, upon the ratification of the Paris Treaty, are entitled to double payment, i. e., are entitled to assume that when their term of enlistment expired on the 11th or 12th of April 1899 they were entitled to transportation to their homes in the United States, even though they immediately reenlisted and served for several months, at the expiration of which time they were mustered out; and that the Government, when they were mustered out, should again pay for their transportation to the United States. Moreover, as I understand, they claim that notwithstanding all other persons in the military service, whether in the Regular Army or in the Volunteer forces, when their services in the Philippine Islands terminated, were transported by the United States to ports in continental United States and also received a regular cash allowance from such ports to the places of their enlistment, they are entitled to be paid, as and for water transportation, 20 cents per mile from the Philippines to San Francisco, and also cash allowances from that port to their homes.

It may be that those in the Regular Army did not receive cash allowances from the continental ports at which they were landed to the places at which they enlisted if their term of service had not expired.

Those who are supporting this bill contend, as I understand, that the Volunteers who reenlisted should receive not only double payment in cash from the continental ports at which they landed to their respective homes but also 20 cents a mile from the Philippine Islands to such ports. It was a bill containing substantially these provisions which the President would not approve.

Mr. President, as I understand the facts, the President was justified in his veto message of September 2, 1935.

Mr. CAPPER. Mr. President, House bill 9472 provides for the payment to about 15,000 officers and enlisted men, State Volunteers, who served in the Philippine Islands beyond the period of their enlistment, of the same amount of travel pay as was paid to enlisted men of the Regular Army who were discharged in the Philippines. These officers and men enlisted for the War with Spain and voluntarily remained in service in the Philippine Islands after the conclusion of peace by the treaty with Spain of April 11, 1899, for a period of several months for the purpose of engaging in the suppression of the Philippine Insurrection, which began in February 1899.

Their retention in service followed an exchange of cablegrams between Adjutant General Corbin and General Otis, in command in the Philippines. In answer to a cablegram from Adjutant General Corbin on March 16, 1899, General Otis replied as follows:

> Believed after inquiry majority Volunteer organizations willing to reenlist for 6 months from ratification of treaty, provided that upon original discharge are paid traveling allowances to places of muster in, and that after expiration of second enlistment they are transported to those places by United States.

This reply from General Otis was based on responses he had received from the several organizations of Volunteers under his command to whom the inquiry from the President had been submitted. In some units the inquiry had been read to the men by their officers and voted upon, while in others where the men were scattered the officers had spoken for the men and agreed to reenlist and stay for the period required, not to exceed 6 months. The condition contained in the cablegram was in substance a statement of the law then in effect governing travel-pay allowances to officers and men discharged (honorably) and who were again appointed or who reenlisted.

On March 25, 1899, a general advance was ordered against the insurrectionists, and from that date until in June these Volunteer troops were in active combat—some of them longer—in the campaign against the insurrectionists. They were required to meet unusual hardships in this campaign, fighting as they were under a tropical sun, badly equipped, without adequate food and water, and continually harassed by surprise attacks. When the date of the exchange of ratifications of the treaty of peace arrived, April 11, 1899, these Volunteers were in the field and continued so for months. It would have been a physical impossibility to have effected the signing of a muster-out roll and muster-in roll, so that the service of these men would actually show a discharge and a reenlistment or reappointment, but these officers and soldiers believed when they accepted the duty of remaining on so long as their services were required in the Philippine Islands, not to exceed 6 months, that they had in effect reenlisted. Their services in the field were accepted and utilized by the Government following almost immediately the agreement to remain in service until troops to replace them could be supplied. This service in active combat continued until after the date of the conclusion of peace with Spain, for some units not longer than 3 months, for others and most of the troops in the Volunteer service of the United States for the greater part of 6 months.

Had these officers and soldiers insisted upon their discharge as of the date of the conclusion of peace with Spain, it would have meant the abandonment of the islands to the insurrectionists except for the very limited number of Regular Army troops then in the islands.

The result would have been the retaking by the Aguinaldo forces of the territory then held by these Volunteers, the strengthening of the insurrectionist organization, and the expenditure of many millions not only for the transportation of another army to take up the fight again but also for a long and fierce combat by nonacclimated troops against well-equipped and well-organized native soldiers accustomed to the climate and acquainted with the country. The organized insurrection was broken by the continuous drive of the Volunteers, and the replacement troops which took their places had but to clear the country of unorganized detached bands. It is pertinent to remark here that the insurrectionists, numbering between 30,000 and 40,000, had been equipped and trained by the United States and had been cooperating with American troops in the War with Spain, and that, knowing

the Volunteers were entitled to be discharged when the War with Spain terminated, they counted upon the withdrawal of the Volunteers to make it possible for them to gain control of the islands and eventually their independence.

It is obvious that there is no legal liability on the part of the Government because the formality of mustering the troops out and mustering them in as again appointed officers and reenlisted soldiers did not take place; but the men did perform valiant service, for which they were commended by President McKinley, and which Congress recognized by the awarding of a special medal; they did remain in service for from 3 to 6 months beyond the termination of the War with Spain on April 11, 1899, on which date they were entitled to their discharge; and they did this all believing that they were to be regarded as having reenlisted in the temporary forces authorized by section 15 of the act of March 2, 1899, and were thereby entitled to the travel pay and allowances authorized by then existing law as though their first enlistment had terminated on April 11, 1899, and they had entered upon a second enlistment beginning April 12, 1899. They fulfilled all the requirements of such temporary enlistment without having formally gone through the process of veteranizing.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

Mr. CAPPER. I yield.

Mr. ROBINSON. Does the Senator distinguish between this bill and the bill which was referred to by the Senator from Utah [Mr. KING] and which was vetoed by the President last year?

Mr. CAPPER. I can only say that this bill passed the House after full consideration; there was practically no opposition there; and there is every reason, I think, why the bill should receive the approval of the Senate.

Mr. ROBINSON. The Senator is not answering the question which I directed to him. The Senator from Utah made the statement that an almost identical bill was passed last year, went to the President, and was vetoed by him. Evidently the implication of that statement is that if this bill be passed it also will encounter an Executive veto. I should like to be informed a little more definitely. I understand that there has been some change in the bill?

Mr. CAPPER. There is a change in the bill.

Mr. ROBINSON. And my question is, What is the difference between this bill and the one passed last year which we did not try to pass over the President's veto?

Mr. CAPPER. The important change is found on page 2, at the end of line 6, where the following proviso is added:

Provided, That no benefit shall accrue under any provision of this act to any person whose claim is based upon the service of any officer or soldier discharged in the Philippine Islands at his own request.

Mr. KING. There are 26 of those persons.

Mr. BORAH. Mr. President, I could not very well hear the statement of the Senator from Utah, but I understood him to say that these Volunteers received their pay.

Mr. KING. That is true.

Mr. BORAH. If that is true, that ought to be a matter which could be demonstrated. Certainly we do not want to pay them again. The letters which I have received are to the contrary. As the Senator knows, I should be glad to know the facts.

Mr. KING. Mr. President, I have stated what I understand the facts to be in connection with the matter before us, and I can add but little thereto. I have conferred with a number of officers in the War Department, and what I have stated is based largely upon the information derived from them and from the facts recited in the President's veto message. I am repeating when I state that after the Paris Treaty was signed, the Volunteers were entitled to be mustered out of service. The situation in the Philippine Islands, however, called for the maintenance there of military forces by the United States, and, as I have stated, several thousand Volunteers elected to reenlist for a short time. A number of Volunteers preferred to return home and the Government furnished them water transportation to continental ports and supplied them with cash, such as the law required, to take them from such ports to their respective homes. If all of the Volunteers had returned home at that time they would have been accorded the same treatment as those Volunteers who did return, as well as a number who were in the Regular Army who were returning—some as the result of the termination of their enlistment and some by reason of their physical disabilities. Those who voluntarily remained, as I have stated, received the usual cash payments from the continental landing port to their homes as they would have received if they had gone home at that time. The Government still owed them the duty to transport them by water from the Philippine Islands to some port in the United States.

But it is claimed now that those who did remain, and at the end of their second enlistment were transported to continental ports by the Government, should be paid according to a different rule, cash at the rate of 20 cents per mile from the Philippine Islands to the United States, and a further payment of cash from San Francisco, if the boat landed there, to their various homes.

I repeat what I said a few moments ago that the Government did transport to San Francisco all the Volunteers who did not remain in the Philippine Islands, and in addition, as stated by the President, gave them an additional 2 months' pay. There is some justification for the claim that double pay is sought.

Mr. BORAH. Did all the soldiers reenlist?

Mr. KING. No. Some of them came home and those who did are not concerned in this proposed legislation. It is simply those who remained and reenlisted and who subsequently returned to the United States who are involved and who are asking this double transportation benefits.

Mr. BORAH. Are there any reports from the War Department on the subject?

Mr. LOGAN. Mr. President, may I suggest that, as I recall, I have seen a report from the General Accounting Office. It is a very lengthy and complicated report. After reading it I remember that I was left in some confusion. I should like to suggest, however, that the Senate Committee on Claims amended the House bill in accordance with the contention of the War Department. I do not know whether this bill contains the amendment which the Claims Committee of the Senate reported or whether the House bill contains a similar provision. The amendment to the bill was acceptable to the War Department.

Mr. BORAH. What was the effect of the amendment?

Mr. LOGAN. The effect of the amendment was to exclude from the benefits of the bill the classes to which the Senator from Utah [Mr. KING] has been referring, and confine the payment of the travel pay to those who did not voluntarily fail to take advantage of the travel pay which they might have received at the time of the expiration of their service. A similar bill was vetoed by the President last year for the reasons given by the Senator from Utah. When the bill came before the Senate Committee on Claims at this session we took up the matter with the War Department and the suggestion of an amendment was made to the committee. We then reported the bill with that amendment included in it. I do not know whether the bill which we are now considering is that bill or whether we are considering the House bill.

Mr. KING. I see no amendment suggested by the War Department. I received a letter from the Secretary of War a few days ago, saying:

The matter is under investigation in this Department, and as soon as the investigation is completed, I will write you further relative thereto.

Mr. LOGAN. It was taken up personally with the Secretary of War and the War Department. The Committee on Claims was advised by the clerk of the committee that the War Department said if the bill should be passed at all, it should be amended in the manner indicated, and such an amendment was inserted in the bill by the committee. That was perhaps before the House passed the bill. That was the Senate bill. It is possible that when the Senate

bill was called on the calendar the House bill was substituted for it and passed. I am frank to say I do not know whether the bill we are now considering is the House bill as it passed the House or whether it is the Senate bill.

Mr. BORAH. We ought to be able to find out which bill we are considering, it would seem to me.

The PRESIDENT pro tempore. May the occupant of the chair suggest that the bill now before the Senate contains a provision which was submitted as a committee amendment. The clerk will report it for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, line 6, the following proviso was added:

Provided, That no benefit shall accrue under any provision of this act to any person whose claim is based upon the service of any such officer or soldier discharged in the Philippine Islands at his own request.

Mr. KING. There is no controversy over that fact. There were a number of persons who took advantage of the situation and remained in the Philippine Islands.

I do not think there can be any controversy about the facts. The men were entitled to their discharge from the service on the 11th of April 1899. Many preferred to remain in the service; the Government desired them to remain, and they did remain and rendered valient and patriotic service. When they were discharged about 6 months later the Government transported them to the United States. They now say, "We are entitled to two payments, because when we were first discharged we were entitled to receive transportation home, but in view of the fact that we did not avail ourselves of that and did not return home then, but remained 6 months longer, we are entitled now to two payments."

Mr. BORAH. Then, if we should pass this bill we would be practically passing the bill which was vetoed at the last session?

Mr. KING. Yes; that is my opinion. I have received a letter from the Secretary of War, dated April 11, in which he says:

I have your letter of April 3, in which you request information relative to the number of persons eligible for payment of travel pay, the average cost per person, and the total cost to the Government in the event H. R. 9472, Seventy-fourth Congress, known as the so-called Philippine travel pay bill, was enacted into law. The matter is under investigation by this Department, and as soon as the investiagtion is completed I will write you further.

It seems to me if there is any controversy the matter might be delayed a few days, and the Senator who is the proponent of the bill, or any other Senator interested, should confer with the War Department and obtain information which I am sure will corroborate the statement I have made.

Mr. BORAH. Mr. President, I have a letter from a gentleman who served in the Philippines. I know him well personally. He contends that he was never compensated for his return expenses, and so forth, at any time. I should like to know if the bill is what the Senator from Utah contends, for, if it is, I myself should not want to vote for it.

Mr. KING. Mr. President, if I may repeat—and I know the Senator from Kansas will pardon me—I read again from the President's message:

Congress has heretofore recognized the service of these officers and men by the award of a special medal, and there was also an allowance, by the act of Congress approved January 12, 1899, of 2 months' extra pay to all Volunteers who served honestly and faithfully beyond the continental limits of the United States. I join most heartily in recognizing and appreciating the patriotic service of these men.

However, approval of this bill would result in the payment of a gratuity to each of the officers and men concerned in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippines to the United States, a benefit utterly without warrant, since each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full pay for the entire time.

That was less than a year ago.

Mr. BORAH. I should think the bill ought to go over until we know about these things.

Mr. KING. I have no objection, and I shall be glad to join with the Senator from Kansas [Mr. CAPPER] in calling at the War Department for the purposes of obtaining full and complete data in regard to all questions involved in connection with this proposed legislation. I suggest that the bill go over until Monday, hoping that by that time any additional information may be obtained.

Mr. ROBINSON. I ask unanimous consent that final action on the motion to reconsider be postponed until next Monday.

Mr. McNARY. For the purpose of obtaining further information from the Secretary of War?

Mr. ROBINSON. Yes, sir.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. ROBINSON. It is my suggestion that some Senator who is interested in the bill procure the information.

Mr. KING. I will join with my friend from Kansas in an effort to secure all information bearing upon the matter before us.

CHANGE OF NAME OF DEPARTMENT OF INTERIOR

Mr. LEWIS. Mr. President, I ask the Senate if it will be generous enough to let me explain a matter.

I desire to request that Senate bill 2665, which, with the amendment to be proposed, will merely provide for a change of the name of the Department of the Interior, be considered at this time.

The original bill which is on the calendar provides for the amalgamation of certain governmental agencies and the exercise of their functions by the Interior Department. That being wholly abandoned, and the amendment providing only for a change of name, I ask the Senate to consider the Senate bill, and then I shall ask the Senate to adopt the amendment.

Mr. McNARY. Mr. President, Senate bill 2665 was reported early in the present session of Congress. It contains provisions which I should very vigorously oppose. I understand from the declaration of the Senator that he desires to offer an amendment in the nature of a substitute.

Mr. LEWIS. Exactly.

Mr. McNARY. The amendment strikes out all after the enacting clause, all the controversial provisions, and relates only to changing the name of the Department of the Interior?

Mr. LEWIS. The Senator from Oregon correctly states the premises.

Mr. BORAH. Mr. President, I have a letter from the Secretary of the Interior in which he says there is now nothing in the bill except the change of name.

Mr. LEWIS. Nothing more.

Mr. ROBINSON. Mr. President, it will be necessary for the Senate to proceed to the consideration of Senate bill 2665 with the understanding that the author of the bill, the Senator making the motion, will offer an amendment to the bill striking out all after the enacting clause and inserting language which will be limited to effecting a change in the name of the Department.

Mr. McNARY. That is correct, Mr. President.

The PRESIDENT pro tempore. That is the understanding of the Chair. The Chair understands that the Senator from Illinois desires the consideration of Senate bill 2665 with the understanding that he will offer the amendment which now lies on the desk, which proposes to strike out all after the enacting clause and to substitute matter which will be read for the information of the Senate.

The LEGISLATIVE CLERK. The amendment proposes to strike out all after the enacting clause and in lieu thereof to insert the following:

That the Department of the Interior shall hereafter be called and known as the Department of Conservation, and the Secretary of the Interior shall be called and known as the Secretary of Conservation, and all the provisions and sections of titles IV and XI of the Revised Statutes, including all acts supplementary thereof and amendatory thereto, are hereby amended accordingly.

The PRESIDENT pro tempore. Is that the amendment which the Senator proposes to offer?

Mr. LEWIS. Yes, Mr. President. The clerk has failed to read the last part of the amendment.

The LEGISLATIVE CLERK. It is also proposed to amend the title so as to read:

A bill to change the name of the Department of the Interior, to be known as the Department of Conservation.

Mr. LEWIS. It is such that I tender now as the amendment and, using the words of the Senator from Oregon, as a substitute, the original text of the bill, containing the provision for amalgamation, being wholly withdrawn.

The PRESIDENT pro tempore. The Senator from Illinois asks unanimous consent, under that statement, that the Senate proceed to the consideration of Senate bill 2665. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions.

The PRESIDENT pro tempore. The bill is before the Senate and open to amendment.

Mr. ROBINSON. The Senator now offers the amendment, as I understand.

Mr. LEWIS. Now I offer the amendment as explained by myself.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause, and in lieu thereof to insert the following:

That the Department of the Interior shall hereafter be called and known as the Department of Conservation, and the Secretary of the Interior shall be called and known as the Secretary of Conservation, and all of the provisions and sections of titles IV and XI of the Revised Statutes, including all acts supplementary thereof and amendatory thereto, are hereby amended accordingly.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to change the name of the Department of the Interior, to be known as the Department of Conservation."

PARK, PARKWAY, AND RECREATIONAL FACILITIES

Mr. ROBINSON. Mr. President, I understand that the Senator from New York [Mr. WAGNER] wishes to bring a measure before the Senate. If the bill is made the unfinished business, I shall then shortly move a recess.

Mr. McNARY. What bill is it?

Mr. WAGNER. Mr. President, I desire to move the consideration of Calendar No. 1764, being House bill 10104, so as to make it the unfinished business. I move that the Senate proceed to the consideration of the bill.

Mr. McNARY. Mr. President, may the title of the bill be read?

The PRESIDENT pro tempore. The clerk will state the title of the bill for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof.

Mr. WAGNER. Mr. President, as the Senator from Oregon will recall, the bill was before the Senate for consideration earlier in the session. A number of objections were made to the effect that the bill did not give the right to recommend the transfer of certain Federal properties to the States upon the approval of Congress. The bill thereafter was recommitted to the committee, and it has been redrafted so as to remove all the objections that were made upon the floor, and now is limited to a study and survey of the recreational facilities of the country for the purpose of coordinating State and Federal recreational facilities; and that study and survey are to be reported to Congress.

Mr. McNARY. I have no objection to having the bill made the unfinished business, with the understanding that we shall recess at this time to a future date.

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York that the Senate proceed to the consideration of House bill 10104.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof, which had been reported from the Committee on Public Lands and Surveys with amendments.

STATUS OF BONUS RECIPIENTS ON WORK-RELIEF PROJECTS

Mr. VANDENBERG. Mr. President, if I may have the attention of the junior Senator from Washington [Mr. SCHWELLENBACH] I desire to address a question to him prefaced by a brief statement.

I did not vote for the immediate payment of the bonus when the bill for that purpose was before the Senate, but now that the bonus is to be paid I have a very distinct feeling that it would be nothing short of an outrage if veterans entitled to it should be penalized in respect to work relief because they are receiving their bonus.

I am advised from some sections of the country, including my own State, that an order either already has gone out or is in contemplation which will take veterans off work relief so long as they have their bonus payments in their possession. I desire to ask the junior Senator from Washington if my recollection is incorrect that when the bill was on the floor of the Senate he offered an amendment specifically for the purpose of preventing this sort of practice and whether he did not withdraw it upon the distinct assurance that no such practice would be pursued.

Mr. SCHWELLENBACH. Mr. President, I will say that the Senator from Michigan is correct. I had offered that amendment, and the junior Senator from South Carolina [Mr. BYRNES] came to me, and we had the understanding, which he confirmed with the Works Progress Administration, that it would not be the practice of the Works Progress Administration to penalize anyone because of the fact that he had received a bonus. Upon that understanding I withdrew the amendment.

I have received information, and, in fact, proof, that in at least three States, Michigan, California, and one other—I do not remember the name of the other State—immediately after the passage of the Bonus Act steps were taken to prevent men who might be recipients under the Bonus Act from being eligible under W. P. A. I have now offered an amendment to the appropriation bill to the same effect as the amendment I offered to the bonus bill. The amendment has been referred to the Committee on Appropriations, and I intend to present it as soon as the facts have been gathered together for me showing that the Works Progress Administration is attempting to discriminate against men because of the fact that they are to receive a bonus.

Mr. VANDENBERG. I thank the Senator for his statement.

It seems to me that this process is utterly indefensible. Regardless of what one's attitude may be toward the payment of the bonus itself, certainly we are not justified in substituting adjusted compensation for whatever obligation the Government owes to those who are in distress. I am glad the Senator is pursuing the matter, and I thank him for his statement.

PAYMENTS TO EASTERN CHEROKEES

Mr. THOMAS of Oklahoma. Mr. President, there is now pending before the Committee on Indian Affairs a bill in the nature of a jurisdictional act giving the Cherokee Indians the right to go into the Court of Claims. Before the committee can pass upon the bill it will be necessary to ask for certain information. I have prepared a resolution asking the Comptroller General for the information.

The resolution has been printed and is on the table.

At this time I ask unanimous consent to take from the table Senate Resolution 285 for immediate consideration.

The PRESIDENT pro tempore. Without objection, the unfinished business will be temporarily laid aside for that purpose. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 285) submitted by Mr. THOMAS of Oklahoma on April 21, 1936, calling for information concerning payments to the Eastern Cherokees for lands ceded under treaty of December 29, 1835, which was agreed to, as follows:

Resolved, That the Comptroller General of the United States, for the information of the Senate, is hereby requested to advise the Senate of the amounts appropriated by Congress in payment of the lands and improvements of the Eastern Cherokees ceded by them by treaty of December 29, 1835 (7 Stat. 478); what charges against such funds were found justly due and payable by the Supreme Court of the United States after deducting such just charges; whether or not the balance bore interest; and, if so, from what date and at what rate. He is further requested to advise the Senate what amount or amounts of payments were made thereon to the Eastern Cherokees per capita since the dates of appropriation; and the balance due the Eastern Cherokees per capita, if any, after applying such payments made in accordance with the established law governing partial payments. Also what gratuities, if any, have been paid to the Eastern Cherokees per capita.

RESTRICTION OF MARKETING OF GOVERNMENT-HELD COTTON

Mr. SMITH. Mr. President, during the call of the calendar yesterday objection was made to the consideration of Senate Joint Resolution 242, authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers. I think the objection was made under a misapprehension. As I stated yesterday, the joint resolution has the approval of the Department of Agriculture. It simply proposes to restrict the sale of cotton held by the Government during the slack period, from the present time up to the 1st of September, to a certain amount, and that is all. The remainder of the measure is a recital of what is already being done. It would simply restrict the amount of Government holdings that could be put on the market.

Mr. McNARY. Mr. President, what is the calendar number of the joint resolution?

Mr. SMITH. It is Order of Business 1822 and is Senate Joint Resolution 242. I assure my colleague on the Committee on Agriculture and Forestry that the only object of the measure is the restriction of the amount of cotton held by the Government that may go on the market during what is known as the slack period.

Mr. McNARY. Who objected to the consideration of the joint resolution? If it came up under the unanimous-consent agreement to consider unobjected bills on the calendar, it would not be fair to take it up out of order if objection was made.

Mr. SMITH. I think the objection has been removed.

Mr. McNARY. I understand the Senator to say that when we were considering unobjected bills on the calendar, objection was made to the consideration of the joint resolution.

Mr. SMITH. But the objection has been removed.

Mr. McNARY. Who objected?

Mr. SMITH. The Senator from Utah [Mr. KING].

Mr. McNARY. The Senator from Utah only?

Mr. SMITH. Yes; alone.

Mr. ROBINSON. Has the joint resolution been considered by a department or an agency of the Government?

Mr. SMITH. I have a letter from the Department of Agriculture in which they endorse the joint resolution.

Mr. McNARY. Would it not be well to have it inserted in the RECORD?

Mr. SMITH. I read from it yesterday.

The PRESIDENT pro tempore. The Senator from South Carolina asks unanimous consent to temporarily lay aside the unfinished business and proceed to the consideration of Senate Joint Resolution 242. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 242) authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Commodity Credit Corporation is authorized and directed to facilitate in the following manner the liquidation of the loans it has made to cotton producers:

1. The borrowers shall be permitted until August 31, 1936, to repossess their cotton, in an amount not exceeding 750,000 bales by the payment of:

A. The average quotation of Middling ⅞" in the 10 designated spot markets on the day preceding date of notice of payment less one-quarter of a cent per pound, on cotton on which loans of 12 cents per pound have been made and less 1¼ cents per pound on cotton on which loans of 11 cents per pound have been made: *Provided, however,* That in no instance will the cotton on which loans have been made of 12 cents per pound be released for an amount less than 11¼ cents per pound, nor will the cotton on which loans of 11 cents per pound have been made be released for an amount less than 10¼ cents per pound.

B. Reconcentration costs of freight, compression, and patches, if any, shall be paid by the borrower.

C. The Commodity Credit Corporation shall pay all carrying charges to and including the month in which the cotton is repossessed.

2. Between February 1 and August 31 of each succeeding year thereafter, the same concessions as these set out in paragraphs A, B, and C shall be made on an amount not exceeding 1,000,000 bales during each year: *Provided, however,* That the minimum prices stipulated in paragraph A shall be substituted by such minimum prices as shall be determined by the Commodity Credit Corporation, and such prices so determined shall be announced by the Commodity Credit Corporation not later than December 15 of each year.

3. When there remains not more than 500,000 bales in said loans the Commodity Credit Corporation shall take such steps as it deems best to liquidate said remainder.

UNITED STATES DISTRICT COURT IN MISSISSIPPI

Mr. HARRISON. Mr. President, there appears on the calendar House bill 12162, to create an additional division of the United States District Court for the Southern District of Mississippi, to be known as the Hattiesburg division. The bill has been reported favorably by the Committee on the Judiciary, after having been passed by the House of Representatives. The bill merely provides for the creation of another division of the court. It would involve no extra expense. The additional division is very much needed, and I ask that the bill be considered and passed at this time.

Mr. McNARY. Mr. President, I am advised that the bill would not result in the creation of a new judicial district but would merely provide for the court's sitting in some other place in the district than that at which it now sits.

Mr. HARRISON. That is correct.

Mr. McNARY. I have no objection.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Mississippi?

There being no objection, the Senate proceeded to consider the bill (H. R. 12162) to create an additional division in the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division, which was ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting a nomination and a convention, which were referred to the appropriate committees.

(For nomination this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. COPELAND, from the Committee on Commerce, reported favorably the nomination of A. Harry Zychick, of Ohio, to be United States Commissioner General for the Great Lakes Exposition.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy and the Marine Corps.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination on the calendar.

PUBLIC WORKS ADMINISTRATION

The legislative clerk read the nomination of George M. Bull, of Colorado, to be State director in Colorado.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Latenser, Jr., of Nebraska, to be State director in Nebraska.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Arthur S. Tuttle, of New York, to be State director in New York.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Henry P. Canby to be assistant dental surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert H. Moore to be assistant dental surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

RECESS TO FRIDAY

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon on Friday next.

The motion was agreed to; and (at 1 o'clock and 18 minutes p. m.) the Senate took a recess until Friday, May 15, 1936, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 13 (legislative day of May 12), 1936

COLLECTOR OF INTERNAL REVENUE

Harry M. Hickey, of Albany, N. Y., to be collector of internal revenue for the fourteenth district of New York, to fill an existing vacancy.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 13 (legislative day of May 12), 1936

PUBLIC WORKS ADMINISTRATION

George M. Bull to be State director of the Public Works Administration in Colorado.

John Latenser, Jr., to be State director of the Public Works Administration in Nebraska.

Arthur S. Tuttle to be State director of the Public Works Administration in New York.

PUBLIC HEALTH SERVICE

Henry F. Canby to be assistant dental surgeon.

Robert H. Moore to be assistant dental surgeon.

POSTMASTERS

ALABAMA

Jack Vaughan, Cuba.

CALIFORNIA

Earle Heath Stanley, Cedarville.
George P. Meek, Covina.
Allie C. Cook, Montebello.
Daisy E. Platt, Rice.
Ernest L. Finley, Santa Rosa.

COLORADO

Richard D. Saunders, Alamosa.
William D. Joyce, Antonito.
Daniel B. Venable, Ault.
Anthony J. Ricci, Georgetown.
Bernard C. Killin, Kiowa.
Ernest C. Norris, La Salle.
Palmer V. DeWitt, Oak Creek.
Ray L. Ford, Vona.
George A. May, Windsor.

GEORGIA

Leon DeLos Miller, Emory University.
Benjamin N. Walters, Martin.

ILLINOIS

Richard J. Ommen, Arenzville.
Francis P. Ryan, Assumption.
A. Albert Moehle, Brighton.
Edward A. Bauser, Bunker Hill.
Herman H. Kattenbraker, Coulterville.
Elizabeth K. Butler, Crystal Lake.
Eugenia Spaulding, Depue.
George J. Fruin, Dixon.
Walter L. Reed, Galena.
Tracy Earl Horrie, Gardner.
Henry C. Rathgeber, Girard.
Paul L. Wells, Grayville.
Irwin H. Mitchell, Metropolis.
John Joseph Fedor, Mount Olive.
William H. Cain, Patoka.
Margaret D. Drummet, Prophetstown.
John Suddick, South Wilmington.
Ernest Hunter Reynolds, Tiskilwa.

INDIANA

Alonzo L. Rogers, Walkerton.
George F. Bandeen, Westport.
James D. Arnold, Winslow.

IOWA

Arthur Joseph Claeys, Akron.
Orren W. Swartfager, Ankeny.
Mina N. Umbehaun, Arnolds Park.
Charles E. Malone, Atlantic.
Otto T. Lamansky, Brighton.
Anthony N. Huber, Calmar.
Carl E. Jones, Cincinnati.
Boyd L. Yance, Coin.
Edith M. Reed, Delta.
Pauline K. Kraschel, Farragut.
Clesson E. Woodward, Griswold.
George R. Sawyer, Hawarden.
Francis J. Spain, Kingsley.
William E. Lovett, Lake City.
August Sindt, Lake Park.
Wallace G. Strabala, Lohrville.
Edward J. Rutenbeck, Lowden.
Frederick E. Mulholland, Malvern.
Irvin W. Machamer, Merrill.
William H. Lucas, Nora Springs.
Kathryn P. Thomas, Red Oak.
Ulysses G. Pedersen, Schaller.
Charles Benesh, Toledo.
August C. Soer, Victor.
William J. Cash, Williamsburg.

KANSAS

John R. Neifert, Glen Elder.
Omar G. Beougher, Gove.
Goldie L. Blades, Independence.
William D. O'Loughlin, Lakin.
Glenn B. Hale, Mankato.
Vernon K. Campbell, Merriam.
Barton W. Wherritt, Montezuma.
Charles E. Canny, Mound Valley.
George D. Brooks, Oil Hill.
Ellen Rae Silvers, Preston.
Edward G. Behrhorst, Sylvan Grove.
Chester C. Chambers, Tescott.
Charles W. Hickok, Ulysses.
Clarence O. Masterson, Wilmore.

LOUISIANA

Reynald J. Patin, Breaux Bridge.
Albert B. Coroy, Gonzales.
John H. Lyons, Lake Charles.
Howard J. Durand, St. Martinville.

MINNESOTA

Henry H. Lukken, Boyd.
Beatrice Perrizo, Delavan.
Herbert G. Carlson, Gibbon.

NEBRASKA

Harry H. Burden, Axtell.
John E. Hunt, Bayard.
Charles R. Larson, Bertrand.
Eli V. Balthazor, Campbell.
Patrick J. Mullin, Friend.
Alfred L. Hill, Ord.
Lester V. Kozel, Ravenna.
George H. Woolman, Republican City.
Frank E. Sullivan, Springfield.
Charles M. Brown, Sutton.
Fred Shimerda, Wilber.

NEW HAMPSHIRE

Walter D. Cleary, Bennington.
Fred R. Hutchinson, Canaan.
Thomas W. Kiniry, Walpole.
Fred L. Sargent, Woodsville.

NEW JERSEY

Samuel Munyan, Gibbstown.
Richard F. Holt, Kenvil.
John A. Smith, Wrightstown.

NORTH CAROLINA

Millard T. Eatman, Bailey.
John L. Cassell, Draper.
John E. Creech, East Flat Rock.
Thomas Carlyle Pate, Gibson.
John Harmon Linville, Kernersville.
Thomas Mortimer Harris, Louisburg.
James Kelly Bridgers, Sr., Nashville.
Fuller T. Currie, Pinehurst.
Lacy F. Clark, Raeford.
Albert Lee Herring, Snow Hill.
Walter Marsh Cavin, Stanley.

OREGON

Walter A. McHargue, Brownsville.
John W. Bubb, Huntington.
Jay C. Freeman, Moro.

SOUTH CAROLINA

Robert J. Aycock, Pinewood.
Mollie S. West, Tucapau.

SOUTH DAKOTA

Ralph L. Chambers, Clear Lake.

TEXAS

Peter Hilton Williams, Albany.
Rena Hurst Cox, Bellevue.
Oran L. Ferrell, Bullard.
Alvin Henry Lohoefener, Burkburnett.
Emmett U. Reagan, Dilley.
James H. McClellan, Gatesville.
Zora Harold Bonner, Hamlin.
Elvis E. Wallis, Iowa Park.
John C. Clayton, Kerens.
Carl Little, Ladonia.
Alvin L. Allen, La Feria.
Owen C. Taylor, Lamesa.
Harry W. Moynihan, Miles.
Cicero Harper, Moran.
Richard Pfeuffer, New Braunfels.
Cephas V. Whatley, Palo Pinto.
Doris I. Rogers, St. Jo.
Floyd C. Platt, San Juan.
William A. Trotman, Trinidad.
Jennie C. Jenkins, Tuscola.
Oliver Lee Lowry, Valley View.
Clifton Davenport, Weslaco.
Milton J. Gaines, Wichita Falls.

VIRGINIA

Frances Glassell Beale, Bowling Green.
Claude Franklin Whitmer, Broadway.
John William Duncan, Onancock.

WISCONSIN

Quiren M. Groessl Algoma.
Stephen D. Balliet, Appleton.
Miles P. Tierney, Boscobel.
Paul W. Cornish, Fort Atkinson.
Fred C. Wolff, Lakemills.
Cora A. Thompson, McFarland.
Joseph R. Coyle, Menasha.
Charles F. Kurtz, Two Rivers.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 13, 1936

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most gracious Heavenly Father, while another night has been enfolding us, Thou hast kept us in Thy everlasting arms. For this beautiful day, we thank Thee; may we look up through nature to nature's God and be blest with the sunlight of a strong, happy faith. Conscious of our needs, blessed Lord, we beseech Thee to assure us of the constancy of Thy wise guidance. Evermore may we realize that in Thee we live and move and have our being. Identify us with truth so that right action may result from a will purified from selfishness. Grant that our lives may not die away amid toil and daily care, but so bless and sustain us that we may present both souls and bodies for Thy service, and Thine shall be eternal praises. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 1398. An act to provide for the establishment of a Coast Guard station at or near Crescent City, Calif.;

H. R. 2119. An act for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor;

H. R. 2467. An act for the relief of Holy Cross Mission Hospital;

H. R. 3340. An act for the relief of Jesse S. Post;

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 8089. An act for the relief of Joseph J. Baylin;

H. R. 8370. An act to provide for the establishment of a Coast Guard station at Port Washington, Wis.;

H. R. 8506. An act for the relief of Oliver Faulkner;

H. R. 9042. An act to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.;

H. R. 9370. An act for the relief of Frank Cordova;

H. R. 9373. An act for the relief of H. L. and J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department;

H. R. 9455. An act for the relief of Robert J. Mann;

H. R. 10308. An act to amend article 3 of the "Rules Concerning Lights, etc.", contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897;

H. R. 10321. An act to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended;

H. R. 10589. An act to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935;

H. R. 10847. An act to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y.;

H. R. 11036. An act to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes;

H. R. 11302. An act to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4, 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936;

H. R. 11346. An act for the relief of H. R. Heinicke, Inc.;

H. R. 12183. An act for the relief of Gladys Hinckley Werlich;

H. J. Res. 538. Joint resolution to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania, in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth congress in the United States in 1939, and to invite foreign countries to participate in that congress;

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; and

H. J. Res. 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 4148. An act for the relief of the Thomas Marine Railway Co., Inc.;

H. R. 6163. An act for the relief of Mrs. Murray A. Hintz;

H. R. 6258. An act for the relief of D. E. Woodward;

H. R. 8262. An act for the relief of Tom Rogers;

H. R. 8431. An act to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes;

H. R. 8705. An act for the relief of Claude Curteman;

H. R. 8766. An act to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes;

H. R. 9496. An act to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration; and

H. J. Res. 439. Joint resolution authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10267) entitled "An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service, to correspond to the rates established by the Classification Act of 1923, as amended."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8372) entitled "An act to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon."

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 949. An act for the relief of R. R. Purcell;

S. 2041. An act for the relief of Charles E. Wilson;

S. 2575. An act for the relief of Emma Gomez;

S. 2576. An act for the relief of Manuel D. A. Otero as administrator of the estate of Teresita S. Otero, deceased;

S. 3671. An act for the relief of Howard Hefner;

S. 3715. An act for the relief of Roscoe McKinley Meadows;

S. 3721. An act to authorize additional coinage in commemoration of the one hundredth anniversary of the independence of the State of Texas and the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3808. An act for the relief of R. D. Stephens and Vera Stephens;

S. 3844. An act for the relief of Mrs. M. N. Shwamberg;

S. 3921. An act authorizing the Secretary of War to bestow the Silver Star upon Michael J. Quinn;

S. 3992. An act for the relief of Capt. Laurence V. Houston, retired;

S. 4038. An act to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes";

S. 4078. An act to authorize the award of a decoration for distinguished service to John C. Reynolds;

S. 4082. An act to authorize the presentation of a Congressional Medal of Honor to Taliesin Waters;

S. 4099. An act to authorize the award of the Congressional Medal of Honor for distinguished service to Pleas Sanders;

S. 4100. An act to incorporate the Veterans of Foreign Wars of the United States;

S. 4105. An act authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park, parkway, and playground purposes;

S. 4124. An act for the relief of the State of Connecticut;

S. 4140. An act for the relief of Homer Brett, Esq., American Consul at Rotterdam, Netherlands, as a result of money stolen from the safe of the American Consulate;

S. 4252. An act to provide for the modification of the contract of lease entered into on June 12, 1922, between the United States and the Board of Commissioners of the Port of New Orleans;

S. 4297. An act to amend section 80 of the act entitled "An act to establish a uniform system of bankruptcy

throughout the United States", approved July 1, 1898, as amended;

S. 4317. An act to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.;

S. 4340. An act to authorize the President to designate an Acting High Commissioner to the Philippine Islands;

S. 4390. An act to amend the National Defense Act relating to the Medical Administrative Corps;

S. 4425. An act to relinquish all right, title, and interest of the United States in certain lands in the State of Connecticut;

S. 4461. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.;

S. 4462. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa;

S. 4463. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa;

S. 4487. An act to provide for a preliminary examination and survey of Smugglers Cove, Oreg.;

S. 4542. An act authorizing the Comptroller General of the United States to settle and adjust the claim of the Merritt-Chapman & Scott Corporation;

S. 4556. An act authorizing an appropriation for the payment of the claim of Gen. Higinio Alvarez, a Mexican citizen, with respect to lands on the Farmers Banco in the State of Arizona;

S. 4584. An act to amend the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755), to extend and adapt its provisions to the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the city of Mexico February 7, 1936, and for other purposes;

S. J. Res. 200. Joint resolution to extend the period of suspension of the limitation governing the filing of suit under section 19, World War Veterans' Act, 1924, as amended;

S. J. Res. 235. Joint resolution authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress;

S. J. Res. 250. Joint resolution extending thanks in appreciation of services rendered by Hayden W. Wren as superintendent of the docks of the port of New Orleans; and

S. J. Res. 257. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Maximo Mariano Pruna y Hernandez, a citizen of Cuba.

CALL OF THE HOUSE

Mr. O'MALLEY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 94]

Allen	Cooper, Ohio	Fernandez	Kerr
Andrew, Mass.	Cox	Fish	Kloeb
Arends	Dear	Gambrill	Kvale
Bacon	Deen	Gasque	Lamneck
Berlin	Dempsey	Gassaway	Larrabee
Bolton	DeRouen	Green	Lehlbach
Brennan	Dietrich	Greenwood	Lesinski
Bulwinkle	Dockweiler	Hamlin	McGroarty
Burnham	Doutrich	Hancock, N. Y.	McLean
Caldwell	Duffey, Ohio	Harlan	McLeod
Cary	Duffy, N. Y.	Hartley	Mahon
Cavicchia	Eagle	Hoeppel	Maloney
Claiborne	Eaton	Jenckes, Ind.	Marshall
Clark, N. C.	Edmiston	Jenkins, Ohio	Merritt, Conn.
Coffee	Ferguson	Kee	Montague
Montet	Plumley	Sanders, La.	Steagall
Murdock	Polk	Sandlin	Taylor, Colo.
Nichols	Ramsay	Scrugham	Thomas
Oliver	Rich	Sears	Utterback
Pearson	Risk	Short	White
Perkins	Rogers, N. H.	Smith, W. Va.	Wigglesworth
Pettengill	Rogers, Okla.	Spence	Wood
Pierce	Sabath	Starnes	Zioncheck

The SPEAKER. Three hundred and thirty-five Members have answered to their names; a quorum is present.

Mr. WOODRUM. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

THE FRAZIER-LEMKE BILL

Mr. LEMKE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2066, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. REILLY].

Mr. REILLY. Mr. Chairman, as one of the five Members of this House who signed, at the same time, the petition to bring the Frazier-Lemke bill before this body, I desire to state that it was understood by the friends of the bill and others at the time I placed my name on the said petition that I was opposed to the bill and was signing the said petition only for the purpose of giving the sponsors of the measure a chance to bring their bill up on the floor of the House for discussion and a vote, a right I believed they should have, in view of the wide interest in their bill. [Applause.]

Two years ago in reply to a letter from one of my constituents asking me to support the Frazier-Lemke bill I gave the reasons why I could not vote for the bill. This letter was published in the papers of my district, so that in the campaign of 1934 all of my constituents who were interested in this bill knew where I stood.

Since the beginning of the panic there have been four theories advocated for bringing our country out of the depression:

Theory no. 1, the do-nothing theory, holding that we are going through an ordinary industrial depression, the likes of which our country has gone through many times before, and that there is nothing that the Government could do or should do to help bring about economic recovery. All the Government and the country have to do is to wait and let the laws of economics and nature run their courses, and in due time our country would get back again on the highway of industrial prosperity.

Theory no. 2, the printing-press theory. The advocates of this theory believe that all we have to do to start the wheels of industry and put men back to work is to start the money-printing presses, and run them 24 hours a day until the country would be flooded with paper money, fiat money, rag money, and their proposal for starting the money flood is the Frazier-Lemke bill.

Theory no. 3 is based upon the belief that our individualistic, capitalistic system is all wrong; that it has not worked and cannot be made to work; and that if we are going to have general prosperity in this country, the capitalistic system must be wiped out, and some other economic system set up in this country, to take its place. If the advocates of this theory had their way all our individualism, rugged or controlled, would be something of the past. The capitalistic system is a nightmare to them and they would save none of it.

Theory no. 4, the New Deal theory, holding that this is an extraordinary industrial depression, or rather break-down of the capitalistic system, unparalleled in all our history; that as a result of the loss of our frontiers, our boundless West of the past, and the coming of the machine and power age that has revolutionized our industrial world and multiplied our jobless army, we are living in a new economic era, just as unlike the economic day of 1893, the date of our last great panic, as that day was unlike George Washington's day, and if we are going to save what is best of our capitalistic system we must modify our institutions so as to meet the demands of a changed and changing world.

The gentleman from North Dakota [Mr. LEMKE] is an inflationist, not a mild inflationist, but a wild inflationist, and his bill is a wild inflationary measure designed to carry out the theory of those who believe in traveling the printing-press road to industrial recovery.

The Frazier-Lemke bill is not a farm-relief bill except in a very limited sense. The slogan "farm relief" is simply used as a camouflage to conceal the launching in this country of a printing-press monetary system that is in direct conflict with the sound-money ideas of our country's past. The printing-press plan for saving our country has no place in the New Deal program, and the enactment of the Frazier-Lemke bill into law would wreck President Roosevelt's whole recovery program, and would be the beginning of a financial policy for our country that would bring wrack and ruin not only to industry but also to agriculture. We have plenty of money today. Our banks are filled to overflow with idle money and the exchange of $3,000,000,000 of farm mortgages for $3,000,000,000 of printing-press money would simply add that much more to the already too large bank reserve of the country.

The furnishing by the Government of $3,000,000,000 over a period of 3 years, to 15 percent of the farmers of the country, as provided by this bill, to take up their farm mortgages at an interest rate of 1½ percent could not materially affect the general prosperity of the other 85 percent of the farmers of the country. This bill certainly will not benefit in any way the 2,500,000 farm renters of the country or the 2,000,000 farmers who own their own farms clear of debt.

Again, the furnishing of mortgage money at 1½-percent interest rate per annum to 15 percent of the farmers of the country would be an unjust discrimination between such farmers and the millions of other farmers who have mortgages on their farms but who could not be taken care of with a $3,000,000,000-farm-mortgage-relief bill, and it would also be an unjust discrimination against the millions of city mortgagors who are paying 5 percent and 6 percent and 7 percent interest on their mortgages.

Of course, if this bill should become a law there would be an irresistible demand for a new Frazier-Lemke bill to take care of the balance of farm mortgages, about $5,000,000,000 and the $17,000,000,000 of city mortgages, with the result that not $3,000,000,000 but $25,000,000,000 of new money would have to be issued in order to treat all of our mortgagors alike. And, according to the statement of the gentleman of North Dakota, made on this floor on yesterday, he would favor such legislation.

The gentleman from North Dakota says that his bill is not an inflationary measure, but President Green, of the American Federation of Labor, asked Congress not to pass the bill because it was an inflationary measure and would bring economic distress to millions of wage earners of the country. And besides, many of the Members of this House who have spoken for this bill admit that it is an inflationary bill, and that is why they are in favor of it. If it is not a move toward inflation to issue $3,000,000,000 of new money, why not make the amount issued ten billion, or fifteen billion, or twenty-five billion, and take up all farm and city mortgages—and why stop then? And the gentleman from North Dakota would not stop then; he would not stop until he had issued about $33,000,000,000 more of new money, to take up all our national bonded debt, on the theory of saving interest. Such a riot of printing-press money might save interest but it would bring wreck and ruin to our country as the printing-press remedy for industrial ills has brought wreck and ruin to other countries where tried. The fact of the matter is $3,000,000,000 of new money is just to be a starter in this fiat-money program. It would let the camel get his nose under the financial tent, and then the floodgates of fiat money would be opened, and with the blessings of the author of the pending bill.

The farmers of the country—at least of my district—do not ask for any special favors at the hands of their Government. All they ask for is a square deal with industry. The farm problem today and yesterday and tomorrow is not and will not be a problem of interest but rather of prices. If the farmers of the country could get for their products what they should get, or prices on a parity with what industry gets for its products, the farmers would be able to pay their interest and their taxes and there would be no agricultural distress.

The farm problem today has resulted from the terrific shrinkage in farm prices that took place between 1929, when the farmers' crop was valued at about $12,000,000,000, and 1932, when the value of their crop was only a little over $5,000,000,000. In 1932, taking the country as a whole, 9.6 percent of the gross farm income was required to pay the interest on the farm-mortgage debts for that year, while in 1935 only 4.5 percent of the gross farm income went to pay the interest on farm mortgages. Again, farm-mortgage foreclosures have decreased about 50 percent since 1933, when they reached the peak for all times.

Of course, the farmer has a long way to go yet before he will receive his equitable share of the total income of the country, but he is on the way, and any printing-press legislation such as is proposed by the Frazier-Lemke bill will interfere with, and not help, the farmer to gain his goal of parity of prices with industry. The New Deal, without any printing-press aid, has made it possible for the farmers of this country to get for their 1935 crop about $3,000,000,000 more than they received for their crop in 1932.

The passage of the Frazier-Lemke bill would wreck our Federal land-bank system, and it would break every farm-mortgage association in the country. Six hundred thousand farm borrowers have invested $113,000,000 in the capital stock of our Federal land-bank system, and the Government has invested or loaned to such banks $217,000,000. At the present time a great many of the local farm-mortgage associations are broke because of losses resulting from mortgages given on the basis of a 50-percent value of the land. The Frazier-Lemke bill, as it was first presented before the House, provided for mortgaging up to 100 percent value of the land, and now the sponsors of the bill have agreed to cut down the loaning value to 80 percent. The farmers who joined the farm-mortgage associations went in with the understanding that they were to guarantee mortgages up to 50 percent value. Under the Frazier-Lemke bill they will be obliged to guarantee new mortgages up to 80 percent. The result, based upon past experience, cannot be otherwise than that every farm-mortgage association of the country will go broke.

The printing-press road to industrial recovery in every country is strewn with the wrack and ruin of industry. The inflation theory of bringing about industrial recovery as tried out in France and Germany, in recent years, tells a story of the ruin of the great middle class of these two countries. Four-fifths of the savings of the French people, and practically all of the savings of the German people were wiped out by the inflationary program tried by these nations.

Our farmers get the lowest rate of interest of any farmers in all the world, and as I have stated, the farm problem is not an interest problem, but a price problem, and the way to solve the farm problem is not by wrecking our monetary system but by legislation that will preserve a sound financial system for this country and at the same time make it possible for the farmer to secure prices for what he

sells, that are on a par with the prices he has to pay for what he buys.

I was born on the farm. My sympathies are with the men and women who toil early and late on the farms of our country in order that our industrial millions may be fed. I believe that agriculture is our principal industry and that there can be no general prosperity in our country until the farmers are prosperous. During all my congressional life I have supported legislation designed to help agriculture and to give the farmers a square deal, but I cannot support legislation allegedly designed to help the farmer but in fact intended to launch our country on a fiat-money spree.

When the present administration came into power the farm problem was a pressing problem. The farmers' income had been about cut in two during the panic years, and the farmers had no purchasing power. They were unable to meet their taxes and interest charges and they were practically out of the picture as buyers of the products of industry, with the result that industry suffered and the army of the unemployed grew.

President Roosevelt took up the farmers' problem just as he took up other problems, and launched a farm-relief program designed to give the farmer a parity of prices, with industry, and that program without the assistance of the printing-press remedy of the gentleman from North Dakota, Mr. LEMKE, has been successful in bringing to the farmers of the country a notable increase in their income. The fact is under Mr. Roosevelt's farm-relief program the farmers of the country had an increase of income in 1935 over 1932 of about 62 percent and in view of the increased income for the first 6 months of 1936 over the same months of 1935 it would appear that the farmers' income for 1936 will show an increase of about 70 percent over their income for 1932.

I have received quite a few letters from my constituents, individuals, and groups, asking me to support the Frazier-Lemke bill. Some of these letters were accompanied with a threat of defeat at the polls if I failed to vote for this bill. My constituents by this time ought to know that it does no good to threaten their Congressman with political exile from Washington for failing to vote as they think he should vote. Of course, I concede that the friends of this bill are just as honest in their convictions that the printing-press road is the right road for our country to travel in these times as I am in my belief that the printing-press road is a road of danger and ruin to our country. I am willing to listen to reason and arguments but not to threats. I do not believe that I could fittingly represent my constituency in Congress in these trying times if I voted with my eyes on the ballot box. I must vote my convictions regardless of the effect of such votes on my political fortunes. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield to the gentleman from Oregon [Mr. MOTT] such time as he may desire.

Mr. MOTT. Mr. Chairman, whatever may be the verdict of the House upon the roll call which will follow this debate, it is my belief that this day will take its place in legislative history as one of the most important days of any session of the Congresses. For today, after 5 years of continuous struggle, and in the face of odds that have seemed almost insurmountable, the Frazier-Lemke farm mortgage refinancing bill is at last before the House of Representatives, not merely for academic discussion and debate but for an actual vote.

Whether this bill will pass the House today no one, of course, can predict. If it is decided upon its merits and not upon the basis of partisan politics, it is my opinion it will pass, for I am convinced that a majority of the people's representatives in this body are actually in favor of the bill. In all, 240 Members of the House or 22 more than a majority, have signed the petition to discharge the Rules Committee and to force this vote upon the bill today. All of these Members, of course, were not in favor of the bill when they signed the petition. Others have been persuaded from time to time by administration leaders to remove their names from the petition. Nevertheless, I am convinced that at the time the committee was discharged there were more than 218, or a majority, who favored the passage of the Frazier-Lemke bill.

But I am also aware, as is everyone here, that since the Rules Committee was discharged, the administration, which is opposed to this measure, has been using every ounce of pressure it could to destroy that support on the majority side of the aisle and to defeat the bill because it does not meet with the approval of the administration. It will be very interesting to note when the vote is taken today what effect that pressure has had. It will be important, as well as interesting, for the country to learn whether or not in this administration a bill strictly nonpartisan in character is to be given the strictly nonpartisan consideration to which it is entitled.

I regret that the debate up to now has not been entirely free of partisanship. I was particularly sorry to note the approach of the distinguished majority member of the Agriculture Committee, the gentleman from North Carolina, in the debate on yesterday. The gentleman complained, to quote his own words, that this bill "is advocated not by the administration, not by the Farm Credit Administration, but by the Republican leadership, which seems for the moment to have taken over the Democratic House", and he declared he would not permit his zeal for the farmer to become "intemperate" to the extent of departing "from the leadership of the great party now in power."

What an argument to advance against a bill which everyone knows has been from the first admittedly nonpartisan. Has this body descended to such an estate that we must decide the question of farm solvency and the future destiny of agriculture upon a partisan, political basis?

Likewise, in his remarks in the RECORD of Saturday the distinguished administration leader, the chairman of the Rules Committee, took occasion to emphasize very pointedly the fact that the authors of the Frazier-Lemke bill were Republicans.

Is that any reason for opposing the bill if it is a meritorious one? Must majority members of the national lawmaking body, with its overwhelming voting strength of more than 3 to 1, continue indefinitely to support only administration measures and to oppose everything else? Is there no virtue in any legislation unless it comes in here from the executive department stamped in advance with Executive approval?

It is true, of course, that the authors of this bill happen to be Republicans. But that certainly does not properly raise a partisan question. It is true, also, that a majority of the Republican membership of the House signed the petition to discharge the Rules Committee and to force this vote upon the bill. But that likewise does not make a bill of this kind a partisan issue, and I am glad the RECORD will show that no Republican in this body has ever tried to make it a partisan issue. Not a single word has come from the Republican side in this debate which anyone could construe as partisan. All that Republican supporters of the bill want to do is to pass it, and that is what everyone who believes in it should want to do, no matter whether he is Republican or Democrat.

Let me proceed now briefly to discuss this bill upon its merits, which is the only basis upon which any bill should be debated.

First, then, what is the purpose of the bill? What is the situation and what is the condition in the country which brings to Congress a measure like the Frazier-Lemke farm-mortgage refinancing bill? What is the problem that this bill presents and seeks to solve, and why must it be solved? Just what is it that the Frazier-Lemke bill proposes to do and why is it necessary that that thing should be done?

The Frazier-Lemke farm-mortgage refinancing bill proposes a comprehensive, carefully worked out national plan for permanently helping the farmer out of his present impossible state of insolvency through the refinancing of existing farm mortgages by the Federal Government at a rate of interest which the farmer can afford to pay.

The Frazier-Lemke bill undertakes to refinance farm mortgages at an interest rate of 1½ percent per annum, plus 1½ percent annually to be repaid upon the principal,

the entire loan to the farmer, both principal and interest, to be amortized over a period of 47 years.

As security for these loans, the Federal Government takes the farm mortgages and becomes the holder of these mortgages in the place of the present private holders. Upon these mortgages farm-loan bonds are issued, bearing interest at 1½ percent. The bonds are first offered to the public, and, if not readily sold, they are taken by the Treasury of the United States as the basis, in part, for a new issue of Federal Reserve notes with which the refinancing is done. The bill provides that "the outstanding Federal Reserve notes issued under this act shall at no time exceed $3,000,000,000." It should be clearly noted at this point that the security of the farm-loan bonds and mortgages is in addition to the regular security behind this and all other issues of Federal Reserve notes, which is the gold reserve in the Treasury.

While this $3,000,000,000 is somewhat less than one-half of all the farm mortgages now outstanding in private hands, the provisions of the bill for the annual repayment by the farmer of his loan to the Government are such that a greater amount than three billion will never have to be outstanding at one time. As the annual payments on principal and interest, amounting together to 3 percent, are made, this amount is loaned out again each year to refinance other farm mortgages until the refinancing is completed upon all farm mortgages existing at the time of the passage of this bill and which the mortgagor desires to have refinanced.

The question is often asked how much this refinancing will cost the Government. The answer, of course, is that it will cost the Government nothing. This bill provides for no grants and no subsidies. The Government gives the farmer nothing under the Frazier-Lemke bill. What the Government does under this bill is to loan its credit to the farmer, the same as it has been loaning its credit to banks for the past 100 years. For this credit the farmer gives to the Government the best security that anyone can give—the land of the Nation itself. And the farmer repays to the Government every dollar he borrows. One of the essential differences between this bill and other bills under which Federal farm-mortgage refinancing has been unsuccessfully attempted is that under the Frazier-Lemke bill the farmer repays his loan at a rate of interest low enough actually to enable him to pay it. The rate is still high enough, however, so that the Government not only will not lose money but will, as a matter of fact, make a small profit on the transaction.

This, then, is what the Frazier-Lemke farm-mortgage refinancing bill is, and what it undertakes to do. The refinancing benefits under this bill extend not only to farmers who are in present danger of losing their farms through foreclosure but also to those who have actually lost their farms in that manner within the statutory period prescribed in the bill. In other words, farmers in that unfortunate position are given an opportunity to repurchase the farms they have actually lost.

Several important amendments will be offered and adopted today, changing some of the original features of the bill. Under these amendments, the provisions for loans on farm chattels are eliminated and the refinancing will be confined exclusively to mortgages on real estate. The original bill provided for refinancing up to the full fair value of the property mortgaged. This feature is to be changed by amendment to provide for refinancing up to 80 percent, instead of 100 percent, of the fair value of the mortgaged property. There are other amendments which, while important, are not fundamental but which we think are valuable as tending to remove objection raised by some of the opponents of the bill.

Having stated what the Frazier-Lemke farm-mortgage refinancing bill undertakes to do and how it proposes to do it I come now to the question as to why it is necessary to do this.

To those who have made a careful study of the farm-mortgage problem the answer to this question presents no great difficulty. The simple fact is that unless farm mortgages are refinanced by the Federal Government at a rate of interest low enough to enable the farmer to repay his loan and again actually to own his farm, within a very few years there will be no such thing as independent farm ownership and operation in the United States. The average farmer under present conditions cannot pay his existing mortgage, and unless conditions should change fundamentally in the future he can never pay it. That is a statistical fact which does not even admit of argument. Page after page of statistics could be cited proving that it is a mathematical impossibility for the average farmer ever to get out from under his present mortgage load, and this is the case whether his loan be a private or Government one.

Between 70 and 80 percent of the farm acreage of the United States is mortgaged, and everyone now agrees that it is not possible, under any existing method of farm-mortgage refinancing, for the majority of the farmers in the United States to recapture the ownership of their mortgaged farms. It is for this reason that private banks and loaning agencies long since have ceased to make farm loans. They know that such loans cannot be repaid under any rates or terms the private lender can afford to make. For the same reason, even the Government, through its present land bank set-up, has practically ceased making any new farm loans, and it is now devoting a large part of its time to foreclosing the farm mortgages which it already holds. In other words, the average owner and operator of a mortgaged farm in the United States has reached the end of his financial rope and nothing remains for him except foreclosure.

Therefore, either the Federal Government, through the system proposed in the Frazier-Lemke bill, or through some other system equally effective and workable, must refinance those mortgages at a rate of interest that will permit the farmer to repay his loan, or within a very short time the American system of agriculture, as an independent owner-operated industry, must come to an end and must be replaced by a universal system of absentee ownership and farm tenancy. This is not mere prediction. It is a fact which is demonstrated conclusively by the farm foreclosure history of the past 10 years. Already nearly 40 percent of the farmers of the United States are tenant farmers.

It is generally conceded that there are two main problems which confront agriculture as an industry today, both of which must be solved if that industry is to be restored to its rightful and necessary place in our economic structure. First, a feasible way must be found to enable the farmer to liquidate his mortgage indebtedness and allow him again to own and operate his farm, and second, a rational scheme must be evolved and put into operation under which the farmer, when he does own his farm, may be assured of a fair chance of receiving at least the cost of production, plus a reasonable profit, on that part of his commodities which are sold and consumed in this country. If these two things can be accomplished the farmer has a chance to survive. If they are not accomplished then neither the agriculture population nor the rest of the population of the United States can prosper, because without a prosperous agriculture industry there can be no prosperity in any other industry.

The Frazier-Lemke bill is an attempt to solve only the first of these two problems. Obviously the first one is the more important of the two, because unless it can be solved the second problem is impossible of solution. The solution of the first, however, will greatly aid in the solution of the other.

I have said that the recovery and prosperity of the whole population of the United States depends largely upon whether the farmer can again be made solvent and capable of earning a reasonable return upon his labor and his farm investment. Let me tell you why this is so, and then you will see why the Frazier-Lemke bill is not merely a farm bill but a bill which affects the future and the destiny of every person in the United States no matter in what business or industry he may be engaged.

There are 6,000,000 farm families in the United States, or about 30,000,000 people, directly engaged in or dependent

upon agriculture for their livelihood. This constitutes roughly about one-fourth of our population. In the days of normalcy and so-called prosperity when the farmer actually owned his farm and was able to sell his product at a profit, this one-fourth of the population constituted nearly one-fourth of the entire purchasing power of the United States, and that purchasing power was responsible in a large degree for whatever prosperity was enjoyed by all other industry. The farmer was the best customer the merchant had, the best client the lawyer had, the best buyer the materialman had, and the best risk the bank had. Whole communities in those days depended for their own welfare and happiness upon the success and prosperity of the farmer.

Today the major portion of this one-quarter of our population do not, in the first place, own their farms at all. They simply hold them through the sufferance of those to whom they have given mortgages which they cannot pay. They got into this condition when the price of what they had to sell went below the cost of producing it, and when the price of that which they had to buy arose above their ability to purchase it. This condition was thought at first by everybody to be a temporary one. To the bewilderment of everyone, however, including the farmer, the condition has remained permanent, and that is the condition which confronts agriculture today.

The result has been that this one-quarter of our population is today virtually without purchasing power, just as it has been without purchasing power for the past 5 years. The purchasing power of the farmer, although in some years there may be a slight exception to the rule, is, on the whole, decreasing instead of increasing, and this in spite of all the Government has tried to do heretofore to remedy this condition. And in addition to not being able to buy anything out of the income of their farms these farmers are losing the bare title and the equity to their property at a rate which is appalling to anyone who will merely read the cold figures on foreclosures.

And so, I repeat, unless a way can be found to give them a new lease on life, not only is the future of the farmer a hopeless one, not only is his own industry doomed, but the future of every industry in this country will likewise suffer irreparable loss. One-fourth of the population of the United States cannot be permanently deprived of its buying power, nor can it be deprived of the very land itself out of which its income is derived, without permanently injuring the whole population, and to argue otherwise is sheer nonsense.

No one, I think, will seriously deny that the statement of the situation as I have here outlined it is correct. The fact is that opinion on this point is virtually unanimous. It is agreed also by nearly everyone that a solution must be found, and found now for this problem, and that that solution is a legislative one. Furthermore, there are few who now contend that the Frazier-Lemke farm-mortgage refinancing bill, if enacted and put into operation, would not actually do what it proposes to do in the way of solving this problem.

What then is the objection to the Frazier-Lemke bill? The objection is that while the bill may do what is claimed for it, yet the method it proposes for doing it is a wrong method. It is proper, I think, to observe here that those who have raised objection to the bill have not undertaken to offer any substitute for the portions of it they object to. It is proper to observe also that the supporters of this bill have repeatedly stated that they are willing to accept any reasonable amendment which is offered in good faith. The opponents of the Frazier-Lemke bill therefore are put directly in the position of opposing a bill, the objects and purposes of which are admittedly both worthy and necessary, simply because they do not agree with the particular method by which those objects are sought to be attained.

Four principal objections to the Frazier-Lemke bill—aside from the political objections I have referred to—have been advanced during this debate. The first is that the rate of interest proposed to be charged is too low. The second is that the Government should not loan its credit to the farmer because that would be preferring him to other classes of citizens. The third objection is that if it is proper to refinance farm mortgages at an interest rate of 1½ percent, it is equally proper to refinance home mortgages at the same rate, and that unless we include home mortgages in the bill the measure should be defeated. And the fourth objection, and the one that has been loudest, is that the money proposed to be issued under the Frazier-Lemke bill would be fiat or printing-press money and that it would constitute inflation.

Let me try to answer these objections in the order I have named them.

In answer to the contention that the rate of interest proposed is too low, it is only necessary to observe that a total rate of repayment of 3 percent, principal and interest, is all the farmer can afford to pay. That amount, as experience has demonstrated, represents the maximum of his ability to repay. One of the principal reasons for the farmer's present financial plight is that he cannot pay the rate of interest he is now being charged either by the private lender or the Government. And unless you lend to the farmer at the rate of interest he can pay then, obviously, the lending does neither the farmer nor the Government any good and any attempted refinancing at a higher rate would be futile.

In further answer, let me say that the Government has already financed other private industries, including banks, railroads, and financial institutions, at a rate of interest in many cases very little higher than this and in no case higher than the borrower, under conditions then existing, could afford to pay. It has also financed foreign governments with the people's money at a rate even lower. On most of these foreign loans the Government has cut down the principal to almost nothing and few of us expect that we will get back even that.

The interest provided in the Frazier-Lemke bill is necessarily low, but it is sufficient; and it has this all-important and sufficient feature—and that is that the farmer can and will repay it.

The objection that the Government would be preferring farmers to other classes of citizens by extending its credit to them is sufficiently answered by showing that the Government has already extended its credit to almost every other form of industry and that it is extending its credit now to farmers, also, under various existing farm-loan laws. All of these loans, however, have carried a rate of interest which experience has already demonstrated the farmer cannot meet, and the attempted refinancing thus far has been a failure.

Furthermore, the Government has been loaning its credit to national banks, all of which are privately owned, ever since the first national-bank law was passed. And it has been loaning this credit to the banks free. Up until a few months ago it even allowed the banks to issue money of their own on the credit of the Government. There is absolutely nothing new in this bill so far as the lending of credit by the Government to private industry is concerned. That has been done for years and is still being done.

The third objection, that this bill does not include the refinancing of home mortgages, ought to be easily disposed of. In the first place this is exclusively a farm-loan bill. Home-loan refinancing is another subject entirely, and upon that subject several laws have already been enacted and are in effect. There is an essential difference between the necessity for comprehensive farm-mortgage refinancing, as such, and the refinancing of home mortgages by the Federal Government. The problems presented in these two proposals are so fundamentally different that they cannot properly be joined in the same bill.

Farm-mortgage refinancing presents a problem which is distinctly national and industrial in its scope. It is a problem of saving a basic industry, without which no other industry can survive, from bankruptcy. Home ownership is something which people in all walks of life and in all branches of business and industry may enjoy, or not, accordingly as they may prefer to own or to rent the homes in which they live. It is a very desirable thing, of course for a citizen to own his home, and for that reason I have supported and shall continue to support all sound and proper home-loan legislation. But home ownership, as such,

however desirable and beneficial it may be, is not in itself essential either to the continuance or the prosperity of the particular business or industry in which the home owner is engaged and from which he derives his income.

Farm ownership by the farmer, on the other hand, is absolutely essential to that industry and unless the man who lives upon and operates the farm can continue to own it the agriculture industry as we have known it in the United States for the past 100 years will cease to exist and will be replaced by a new economic system of farm tenancy.

I come now to the fourth objection—namely, that the Federal Reserve notes proposed to be issued under this bill would be fiat or printing-press money and that their issuance would be uncontrolled inflation.

This is the argument which the opponents of the bill employ as their heavy artillery. The charge of inflation makes up the bulk of the propaganda that has been sent out against this bill. And although every argument advanced that the bill is inflationary has, in my opinion, been conclusively proven to be without merit, the charge still persists. Opponents continue to repeat it and to hold it forth as the bugaboo and the big bad wolf of the relief offered in the Frazier-Lemke bill. Let us see what that charge really amounts to. Let us see whether it is based upon anything substantial or whether it is merely a smoke screen behind which the fight against effective farm-mortgage refinancing is being waged.

At the outset let me direct your attention to the fact that the Federal Reserve notes to be issued under the Frazier-Lemke bill are exactly the same as the Federal Reserve notes already issued and outstanding under existing law, and which constitute the bulk of the currency of larger denomination with which we carry on our ordinary business transactions today. If you are fortunate enough to have in your pocket at this moment a $20 bill you will probably find upon examining it that it is a Federal Reserve note. The new issue of notes under this act will be exactly the same as that bill. They are issued in exactly the same way, under exactly the same authority, and with exactly the same security behind them as every other Federal Reserve note outstanding.

I submit, therefore, that it is obvious that unless the money with which we now carry on our daily business is fiat or printing-press money, neither will a new issue of the same kind of money, as proposed in this bill, be fiat or printing-press money, unless the issue should be so large as to impair the security and the credit upon which it is issued.

Now, then, of what does our currency consist? Aside from national-bank notes, the issuance of which is no longer permitted and which are now being withdrawn from circulation as rapidly as possible, we have only two kinds of lawful money in circulation in the United States, namely, the Federal Reserve note and the silver certificate. We have, of course, silver, nickel, and copper coins, but I am speaking of currency. Gold is no longer lawful money. Not only may no gold be coined under existing law, but it is unlawful for a citizen even to possess any gold of the value of more than $100. Furthermore, none of our money is redeemable in gold.

What, then, is this money which, as I have said, consists of Federal Reserve notes and silver certificates, and what is it that gives this money its value or purchasing power?

A silver certificate is a piece of paper upon which is printed the denomination of the bill and the statement that the United States Treasury will pay that amount to the bearer in silver dollars upon demand. Our silver certificates are our ordinary $1, $5, and $10 bills. The silver certificate is the only kind of money we have which is redeemable in metal or metal coins. Since nobody wants to carry silver dollars about with him, nobody ever demands payment of a silver certificate from the United States Treasury.

The silver dollar in which the certificate is redeemable has an intrinsic value of about 50 cents. The certificate, however, is worth 100 cents and will purchase 100 cents' worth of goods or services, and so will the coined silver dollar upon which it is issued. The value of the silver certificate, of course, does not depend upon the 50 cents' worth of silver in the Treasury, which is the specific metallic security or reserve upon which it is issued. If it depended on that, obviously, it would be worth only 50 cents. The reason the silver certificate or the coined silver dollar is worth 100 cents instead of 50 cents is because the United States Government says it is worth that much and because the faith and credit and the wealth and the taxing power of the Government is strong enough to make the statement good.

Now, what is a Federal Reserve note? A Federal Reserve note is a piece of paper upon which is printed the denomination of the bill and the statement that the United States will pay that amount to the bearer upon demand in lawful money. Since the only lawful money at present in circulation is the Federal Reserve note, the silver certificate, and the silver, nickle, and copper coins, a person demanding payment of the note at the Treasury could only receive in payment another Federal Reserve note, or its equivalent in silver certificates, or silver coins. Nobody, of course, ever demands payment either of a silver certificate or a Federal Reserve note because there would be no sense in doing so. The Federal Reserve note and the silver certificate are money—the only kind of money we have—and that is all there is to it.

Now, what is behind the Federal Reserve note, and what is it that gives it its value as money? It is the same thing that gives the silver certificate and the coined silver dollar their value—the faith and credit, the wealth and the taxing power of the Government which issues it.

It is true that even although none of our money is redeemable in gold its issuance is based, theoretically at least, upon the gold reserve in the Treasury. That gold reserve is an enormous thing. It is twice as large as it was when our money, under the gold standard, was actually redeemable in gold, and when we had more currency in circulation than we have now. The gold reserve in the Treasury of the United States is larger than that of all other governments in the world combined. That gold reserve today is a little over ten and one-quarter billion dollars, or more than twice as much as all the money of all kind in circulation in the United States today, including Federal Reserve notes, silver certificates, and national-bank notes still outstanding.

The Federal Reserve note has the strongest gold backing of any money in the world, and yet, after all, since neither the Federal Reserve note nor the silver certificate nor any other money is redeemable in gold, its real value, like that of all other money, is the faith and the credit of the Government, which in wealth and resources and taxing power is infinitely greater than the ten billions of gold metal which it has piled up in its Treasury. That amount, huge as it is, would only be enough to operate the Government about 2 years if that were all the wealth the Government had. And, incidentally, if that were all the wealth the Government had, its money would be worth nothing at all.

Thus, the most casual analysis of what the Federal Reserve note is should be enough to destroy the argument that it is fiat or printing-press money. If it is printing-press money we will have to get along with it anyway, because aside from silver and silver certificates it is the only money we have at present.

Equally untenable is the contention that the new issue of $3,000,000,000 of Federal Reserve notes under the Frazier-Lemke bill would constitute uncontrolled inflation or that it would make the notes any more fiat or printing press than they are now.

There is a limit, of course, to the amount of currency or money of any kind that a government may properly issue. The decision as to that matter is placed by the Constitution in the hands of the Congress, which has exclusive authority to "coin and issue money and to regulate the value thereof." The question at issue is, therefore, before the proper tribunal or forum.

The only legitimate argument against a new issue of Federal Reserve notes is, it seems to me, that the size of it would unduly expand the currency. That contention, if it

could be sustained, would be sufficient. But that it would be uncontrolled inflation, as some have persisted, is not a legitimate argument at all; first, because the amount of the issue is definitely limited in the bill; second, because it is issued for a specific object, and automatically ceases with the accomplishment of that object; and, third, because under the provisions of the bill a certain portion of the issue may be withdrawn from time to time to whatever extent may be necessary to keep the amount of currency outstanding in line with the actual currency needs. In this respect the Treasury has the same discretion that it has over any currency now outstanding. This argument, therefore, must fail because it is directly contradicted by the provisions of the bill itself.

As for the contention that $3,000,000,000 is too great an addition to the notes at present outstanding and that it would cause a strain on the gold reserve in the Treasury or on the credit of the Government, it is only necessary to observe that after this issue is made we will still have a gold reserve in the Treasury of more than 100 percent of all the money then outstanding and in circulation. This is twice as large a reserve as we had under the gold standard when you could actually take a Federal Reserve note to the Treasury and get gold for it. When our money was literally redeemable in gold a gold reserve of from 40 to 60 percent was considered sufficient, and that is all we ever had. Now, when our money is not redeemable in gold it is objected that a gold reserve of 100 percent behind these notes is not sufficient.

And so again the charge of inflation against this bill reduces itself upon analysis to an absurdity. There is no inflation in the Frazier-Lemke bill.

But the gold reserve in the Treasury is not the only tangible thing this bill offers in the way of security for the Federal Reserve notes. In addition to that gold reserve the Frazier-Lemke bill places in the Treasury of the United States, as a further security for this specific issue $3,000,000,000 worth of farm mortgages. The new issue would be 100 percent sound without this, upon the basis of the gold reserve alone. But in addition to that 100-percent gold reserve it has as security something which no other money has ever had—the land of the Nation itself.

Here, then, Mr. Chairman, is a proposal which, it seems to me, meets all the requirements that a Federal farm mortgage refinancing bill ought to meet or that it can meet. Here is offered a solution for a problem which we all agree must be solved in some way if agriculture is to be restored to its rightful and necessary place in our economic structure.

I have tried to discuss this bill fairly, temperately, and upon what I believe to be its merits. I have tried to answer all of the objections that have been raised to it and to answer them upon their merits. I intend to vote for the bill upon its merits and without regard for any consideration of partisanship or political expediency. Let me repeat what I suggested in the beginning—that that consideration has no proper place either in the discussion or the vote upon this bill, and that I hope that in the vote, at least, it will be given none on either side of the aisle.

Let me say with all the sincerity I can that if the authors of this bill were Democrats instead of Republicans I would be supporting it with just as much energy as I am supporting it now. If it were an administration bill, instead of one to which the administration is opposed, I would not only be supporting it myself but I would also be doing my best to persuade all Republicans to support it.

There is a proper place for partisanship in the consideration of some kinds of legislation. There are many bills in which to follow the call of party leadership is not only politically expedient but entirely legitimate and proper. The Frazier-Lemke bill, however, is not one of those bills, and I respectfully suggest to those who may consider it to be such that they will find they have made a serious mistake in that regard. Opponents may not be aware of it, but those of us who have been supporting this legislation here have had the satisfaction of knowing from the first that in this fight we have been representing the hopes and the desires of more people than have ever before united in a demand for any legislation of national scope, and that that demand is entirely nonpartisan in its character.

Gentlemen who may be inclined to view this legislation from a partisan angle should remember that 33 States of the Union have by formal resolution of their State legislatures petitioned the Congress to pass this bill, and that those resolutions, which are now on file in this body, come from Democratic and Republican States alike. There is not a single State which is generally classed as an agricultural State that has failed to adopt and file such a resolution with the Congress. Practically every unit of the Grange and the Farmer Union in the United States has formally gone on record in favor of this bill, and in doing so not a single one of them took a partisan view of this legislation.

And so let me suggest to those who have sounded the call to partisan solidarity on the majority side that the demand for this legislation comes as strongly from Democrats as from Republicans. Let me suggest that Democratic farmers are more concerned in saving their farms than they are in voting straight party tickets. And let me warn those who have sought to make a partisan issue of this measure that if it is defeated upon that basis there will be as many Democratic farmers as Republican farmers to reckon with when the membership of this House is called upon to give an accounting to the country of the action it is to take today.

Six million farm families this afternoon are looking to the National House of Representatives with hopes raised higher than they have ever been before. Thirty million farmers are asking us to give them a chance to save their farms and their homes by helping them to lift from their shoulders the mortgage load which is crushing them and destroying their industry. To American agriculture this bill means a new Magna Carta. As the Representatives of the people in the supreme lawmaking body of the Nation we have it in our hands today to grant that new charter to the farmer or to withhold it from him. Let us not withhold it. Let us affix to it the seal of our approval. Let us grant the charter.

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, in the brief time at my disposal I want to discuss one phase of the Frazier-Lemke bill that I know has been informally discussed by Members while sitting in their seats and in the cloakrooms during the time this bill has been under consideration. I hope I may be able to assist in clarifying one part of the bill and that I may be able to give some information to those Members who have not given this matter thorough consideration. I refer to that provision of the bill that permits loans to be made up to the fair value of the land and 75 percent of the value of the insurable improvements.

Many Members who have demonstrated, by voting for consideration of this bill, that they desire to have an opportunity to fully discuss and consider the bill, have stated that there is one provision that they feel is fundamentally wrong and that they cannot support the bill unless that provision is amended.

They feel it is an objectionable feature of the bill, and for that reason I want to devote my time to explain it, if I can, in the hope that those Members of the House who have that conviction may understand the position of those of us who are advocating the enactment of the Frazier-Lemke bill.

Objection is voiced to making loans up to the full value of the land. It has been stated that a loan to the full value of the land is a departure from accepted policy and is unsound. Some Members point to the fact that commercial loans have seldom been made in an amount greater than 50 percent of the value of a farm. They point out that in the case of home owners the H. O. L. C. does not lend up to the full value of the home, but loans an amount not in excess of 80 percent of the value of the home.

Mr. Chairman, there is a vast difference between a farm loan and a home loan. In the first place a home loan is not a loan made on business property. The home loan is not

based on property needed for making a livelihood, whereas, on the other hand, a farm loan includes both a home loan and a business loan. A farmer obtains a loan to enable him to carry on a basic industry of this country. There is a vast difference between the two types of loans.

For that reason, we are justified in making a distinction between a farm loan and a home loan. Under the terms of this bill, a farmer can borrow only 75 percent of the value of the insurable improvements. The insurable value does not mean the full value, and as a result, the farmer will not be able to borrow as great a percentage of the value of that part of his farm that constitutes his home as can the home owner borrow from the H. O. L. C. at the present time. Under the present provisions of the bill, we undertake to provide for the making of a loan up to the full, fair value of the land. In my judgment, that is not too much to loan a farmer who is in need of refinancing at present depressed values. There is no danger of the Federal land banks being required to take over these lands, and after all that is the test of the security of the loan. No one would object to making a loan on any piece of property in the world, up to 100 percent of its value, if he was assured that principal and interest would be paid. In determining the soundness of a loan, the test is whether or not the loan will be repaid in full with interest.

Mr. Chairman, I submit that a loan up to the full value of the land and 75 percent of the value of the insurable improvements, under the provisions of this bill, is a much better loan than those which have been made by the Farm Credit Administration under existing law. In other words, the Farm Credit Administration will have greater assurance of getting its money back from loans made under the provisions of this bill at 1½ percent interest than it has of being repaid on loans made up to 40 percent of the value of the farms at 4 percent interest under the present Farm Credit Act.

Why do I make this statement? We will assume the case of a farmer who has a thousand-dollar farm. In the first place, he may not borrow an amount equal to the full value of the farm if his debts are less than its full fair value. If a farmer has farm lands worth a thousand dollars, and he has a mortgage or other lien of $500 against it, all he could borrow would be $500, but if his indebtedness should amount to a thousand dollars, he could then borrow a thousand dollars under the provisions of the pending bill. He borrows this money at a rate of interest of 1½ percent. Is it not a fact that a mortgage of $1,000 on a $1,000 farm is better security, is more apt to be repaid, when it carries an interest rate of 1½ percent and an amortization of 1½ percent per year, than a $500 mortgage on a $1,000 farm that carries interest of 4 percent? A farmer is in a better position to repay a loan of $1,000 with 1½-percent interest than he would be to repay a loan of $500 if the interest rate was 4 percent. That is plain arithmetic. In other words, under the provisions of this bill a farmer can more easily carry a $1,700 mortgage than he can a $1,000 mortgage under existing conditions; that is really the test of whether or not the security provided under this bill is adequate to guarantee the repayment of the loan.

May I ask this further question. Assuming there are two farms of equal value having mortgages against them; one for $1,000, with interest at the rate of 1½ percent, and the other with a $1,000 mortgage with interest at the rate of 4 or 5 percent. Would you prefer to buy the farm subject to the mortgage which bears 1½ percent interest or the farm with the mortgage bearing 5 or 6 percent interest?

Mr. DINGELL. Is the gentleman asking a question to be answered?

Mr. BOILEAU. No. I am simply presenting the argument in the form of a question that answers itself.

Mr. Chairman, it seems to me that anyone who wants to purchase a farm would rather buy a farm with a $1,000 mortgage, bearing interest at the rate of 1½ percent than to buy one with a mortgage against it of $500 or $600, bearing interest at the rate of 5 or 6 percent. What does this mean? It means that a farm upon which one of these 1½-percent interest loans are made will take on an additional security value. There would be less likelihood of such farms being foreclosed upon, because the owner could more easily pay his interest. On the other hand, if such a farmer is pressed, he could readily sell his farm subject to the mortgage, and there would be no danger of the mortgage being foreclosed. There is absolutely no danger, as I see it, of these loans being foreclosed, and the Farm Credit Administration being forced to take over the property.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. BOILEAU. Mr. Chairman, in my judgment, such a loan at 1½-percent interest, based on the full fair value of the land and 75 percent of the value of insurable improvements, is amply and fully secured.

I call attention to the further fact that the Government of the United States will make money if we enact this bill into law.

The Federal Government will make a profit in excess of $1,400,000,000. Even if there should be some losses on loans, which I cannot conceive, the profit which will be made by the Government would more than reimburse us for any such losses.

This is the situation as I see it, and this is why I believe the bill in its present form should be approved; but I know there are a great many Members who want to go along with this legislation who are fearful of this one provision that I have referred to, and I also know that many gentlemen in the cloakrooms have successfully used this argument against the measure.

The steering committee had meetings last night and this morning and this matter was thoroughly discussed. Many Members of the House, in addition to the steering committee, who are friendly to the legislation, and who will vote for it, whether it is amended in this particular or not, decided that it was advisable to submit an amendment which will limit the loans to 80 percent of the value of the land, plus 75 percent of the value of the insurable improvements. [Applause.]

I do not think such an amendment is necessary, but I am going to support it. I am going along with other supporters of the bill and vote for such an amendment because we feel that the farmers will actually be taken care of and we feel further that the loan on such a basis will be large enough to take care of practically all the farmers who are in distress. Such loans may not be large enough to take care of all of them but it is the best we can hope to get, and we are hopeful that the membership of the House, in the interest of the passage of the bill, will accept the amendment which will be offered by the distinguished gentleman from North Dakota [Mr. LEMKE]. With this amendment and other amendments which we propose to offer and which have been given thorough and full consideration, we believe the bill will be in such form as will satisfy those Members who have expressed a desire to go along with this general type of legislation, but who have conscientious convictions against some particular provisions now in the bill and which we do not regard as being fundamental.

We have not compromised on fundamental principles, but we have made some concessions which we hope will appeal to the intelligent judgment of the membership of the House. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Tennessee [Mr. BYRNS]. [Applause.]

Mr. BYRNS. Mr. Chairman, I have asked for this brief time in order to read to you a letter which has just been sent to me, expressing the wishes and the hopes of some 50,000,000 people.

Wage earners are involved in the proposition now pending before the House, as are all classes of our citizens, and I wish to read to you a letter from the president of the American

Federation of Labor with reference to this bill. It is addressed to me as the Speaker of the House:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., May 13, 1936.

Hon. JOSEPH W. BYRNS,
Speaker, House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: The executive council of the American Federation of Labor, which is now meeting here in Washington, gave special consideration to the provisions of the Frazier-Lemke Act. The council is in thorough accord with all practical legislation which has been advanced for the purpose of relieving the economic situation existing among the farmers of the Nation. We wish to see them helped and assisted by the Federal Government. This fact was demonstrated when labor gave united support to the enactment of the processing tax which was embodied in the Agricultural Adjustment Act.

The executive council of the American Federation of Labor, however, is opposed to the Frazier-Lemke Act, largely because of the inflation feature of this proposed legislation.

Labor knows and understands that the proposal to print and circulate billions of currency as proposed in the Frazier-Lemke Act will very vitally affect the economic well-being and status of labor. We know quite well that when inflation of the kind and character embodied in the Frazier-Lemke Act is adopted commodity prices rise but wages stand still. We cannot subscribe to this sort of economic philosophy. Labor would suffer reduction in living standards, reduced buying power, and the problem of unemployment would become more acute. There are other features of the bill which are highly objectionable.

For this reason we call upon our friends in Congress to vote against the enactment of this legislation. We are confident that the best interests of the wage earners of the Nation would suffer very greatly if by any chance the Frazier-Lemke bill would be enacted into law.

We sincerely hope and trust that the Frazier-Lemke Act will be defeated. We rely upon the friends of labor to vote against this proposed inflation legislation.

Very sincerely yours,

W. GREEN,
President, American Federation of Labor.

I have read this communication to the Members of the House because, as I said at the outset, this bill concerns the entire country as well as the farmers, in whom I am as deeply interested as any man on the floor of the House. All of my ancestors, almost without exception, were farmers, and I have always been interested in all legislation which looked to their best interests; but as a Representative upon the floor of this House pledged not only to the farmers but to all classes, I cannot vote for a bill which makes a clear discrimination in favor of one class as against other classes of our people in this country, and the people whom I represent neither expect nor want me to do so. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, I want to compliment the Members of the House on each side of this bill for the manner in which this discussion has been carried on. Whenever I do not agree with anybody, I know somebody is wrong, and I may be that somebody.

This is one of the most important bills that has been proposed since I have been here. I have been connected with the effort to do something for agriculture ever since I have been in Congress. With all respect to my distinguished friend who has introduced this bill, I believe this sort of proposed legislation is hurtful to the interests of agriculture.

There are two groups—and I mean no offense—hurtful to every forward movement—one who do not want to do anything and the other who want to go too fast. The latter, in my judgment, is the most hurtful.

If the cause of the American farmer is to be supported, he has got to go along with the other people. He must not run out ahead of public opinion and public support.

When I was a boy back in Tennessee pulling a steep hill a boy went along behind the wagon with a rock to scotch the wagon. He did a good service, but if he had gotten too enthusiastic about his part of the program and got his rock ahead of the wagon he would have stalled the team, and the wagon might have rolled down the hill and made it necessary to pull the hill again with a tired team. It would have been more difficult. If we put the agricultural program beyond the support of public opinion, we will lose the support of those on whom we must depend.

As has been said, this bill deals with capital structure. It proposes that the Federal Government shall advance every penny sufficient to buy farms; every penny necessary to pay off the indebtedness of farms mortgaged up to 100 percent of the value of the farm, to be paid for with printed money—by inflation of the currency.

Mr. BOILEAU, the able champion of this bill, stated the correct facts a minute ago when he said that this bill deals with the agricultural business.

If we advance this printed money, $3,000,000,000, to pay off all the capital investment of farmers, what are we going to say when the busted merchant or manufacturer comes in and asks Congress for billions of the same sort of money to go into business again?

If the Government advances 100 percent to take care of the mortgage on the farm or to buy a new farm as this bill provides, what can we say when the people of the cities come and say, "We want you to advance 100 percent of the value of our property to take care of the debts that we owe as you have done for the farmers", or "We want you to advance 100 percent of the cost of property we want to buy as you have done for the farmers", and then the businessmen come with their demands. They all come with demands which require inflation.

Is there anybody in this Chamber now who can get himself to believe that we will not have to face these problems tomorrow if we pass this bill? The arrangement in this bill is to authorize the issuance of $3,000,000,000, turned out from the printing presses. The gentleman from North Dakota [Mr. LEMKE] talked about provisions in the bill which are concessions to the psychology of the people. He provides for bonds, as a concession to that psychology, and puts the interest at 1½ percent on the bonds to insure they cannot be sold. I will not say it is slick stuff. But anybody knows that a bond is not going to sell with 1½-percent interest which runs for 47 years and is based upon the full value of the property. Stripped of the words in the bill, the arrangement is to issue $3,000,000,000 of currency from the printing press to do all this business we are talking about.

Then come the home owners from the cities.

What will the Government have to do then? Advance them a hundred cents on the dollar and also advance 100 percent of the cost of the property they buy. Who can stand against that demand if you pass this bill? Then what is the next thing? Issue about six or eight billion dollars more from the printing presses to take care of that. When that is done, can you stand against the merchant, manufacturer, and other business people who say, "I have had a business. It has been wrecked in these trying times. I want the money to start another business." That is what Mr. LEMKE proposes in this bill for the farmers. Can we stop there? This bill proposes to supply every dollar of the value of the farm either to pay off a mortgage or buy a new farm. That is more than other people are getting. That is more than other people will agree farmers are to have. Why drive away friends by such proceedings? The country is not willing to enter upon a program of billions of dollars of inflation, and upon this new peril to the national credit. Why propose it in the name of agriculture? That is too much to ask now in the name of the farmers of this country. I say this sort of a bill offered as a demand of agriculture upon the Government, upon all the rest of the people of the country is bad business, and is calculated to drive from the farmers of the country the support which it has taken years of constant tactful effort to get. I understand money is being advanced now to farmers at 3½ percent. That would not have been possible except for the support of the people of the cities, the business people, and the laboring people there. Farmers have not got the votes. They have got to get these people to vote with them.

This bill is being forced over the protest of labor, as expressed in the letter just read by the Speaker from the President of the American Federation of Labor, Mr. Green. Labor has been the friend of agriculture. Mr. Green says his people would suffer from this inflation. He asked that

the farmers do not press the bill. He gives his reasons. Farmers cannot afford to throw away that support and the support of other groups who have thus far gone along with the agricultural program. I will not follow Mr. LEMKE. I will not put my farmers in the attitude of demanding this bill. I will not put them in an attitude hostile to those without whose support they could not have made progress in the development of their program. I prefer to follow MARVIN JONES, chairman of the Agricultural Committee, who is opposing this bill.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Only to the gentleman from Minnesota.

Mr. LUNDEEN. What about big business that came and wanted hundreds of millions of dollars? They got their money. Why not the farmers?

Mr. SUMNERS of Texas. We are dealing only with this bill now. Shall we or not pass this bill is the only question now. I hold no brief to defend any group. Are my statements correct or not? Does the gentleman challenge any statement I have made? He cannot.

Mr. LUNDEEN. I challenge the gentleman there.

Mr. SUMNERS of Texas. But you cannot challenge a single statement I have made. I know you have got sense and I know you are honest. [Laughter and applause.] You will not challenge a single statement I have made. I know the gentleman. He is a good fellow. [Laughter.]

I have been making every effort since I came here to build up support for the cause of agriculture. With the slogan that we want for the farmers of this country only that which we are willing others may have and only that which is in line with the general public interest, we have finally won the support of the people of the country. It has been a long, hard fight. Twenty-two years ago in this Chamber I discussed the city man's interest in the economic problem of agriculture. With that slogan and that policy we have won for agriculture a recognition and a public interest which it never had before.

The plain practical proposition is this: Are we who come from the agricultural districts going to put up to the people of the Nation in the name of agriculture a proposition like this, not only calculated but certain to lose for the farmers of this country much of kindly interest and support. You heard the Speaker read a letter from Mr. Green, president of the American Federation of Labor, opposing as inimicable to labor the inflationary features and other features of the bill. Labor has stood with the farmers until Mr. Lemke brought this bill in here that drove them out. I say this sort of thing is not in the best interests of the agricultural people of this country. We do not have the votes. We must have support. I do not have time to discuss the other features of this bill. I emphasize in my time this one point.

Now I like the gentleman from North Dakota [Mr. LEMKE]. He is one of the most resourceful and lovable men in this House, but he has got a philosophy of Government and ideas about dealing with the problems of our farmers which come from somewhere that mine do not come from. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, I am hoping that we will all keep our coats on and not be carried away from the real merits of this bill by the many statements made by the opponents, which do not have anything to do with any phase of the bill, and that we may be able to give fair and just consideration to same.

I admire the gentleman from Texas [Mr. SUMNERS], but at least two-thirds of the statements made by him were about what will happen hereafter in connection with legislation for other groups. Is it not a fact that we have these arguments to contend with on every bill that we bring up in this House, regardless of what group we are trying to help?

What about my colleague from North Carolina, one of the best orators of the House. He says, "I cannot vote for this bill because it was introduced by a Republican." This type of statement is usual because it will sound good in the gentleman's district.

More than that, he says that for all these years we have had a system that he does not expect to depart from. I do not know what system the gentleman was referring to; but I want to say to him that if it is the system we have had for the past 50 years, whereby the money changers of this country have been able to bring about deflation and inflation at will, not by issuing currency, which has robbed the independent merchants of the country, put the farmers into bankruptcy and the unemployed into bread lines, then I am not interested in the gentleman's system.

What about the statement of our majority leader? We all admire and respect our majority leader. He said this bill would be in the interest of only 4 percent of the people and certainly would not take care of but about 15 percent of the farmers. That statement was made by the Farm Credit Administration. I want to refer to two or three of these statements.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield to me?

Mr. FULMER. In one moment. My friends, I want to say to you, it is misleading. That is the statement carried in this document sent out by the Farm Credit Administration. What about the program that we have today under the Farm Credit Administration? Is it not a fact that they have refinanced or financed only $3,000,000,000 worth of land mortgages up to this good hour, taking care of only 15 percent of the farmers? We do not hear the gentleman complaining about this. This type of statement is made by many of the opponents of the bill. But this bill—oh, no; it is different. "It discriminates", so say those opposing the bill.

Mr. BANKHEAD. Mr. Chairman, will not the gentleman yield to me, having referred to me?

Mr. FULMER. In just 1 minute. This statement sent down by the Farm Credit Administration refers to what we have done about bringing up farm prices. Let us take cotton, for instance. Prior to 1932 the farmer had to sell about 20 to 25 bales to pay interest on a $10,000 mortgage, at 6½ cents. These mortgages were held by private interests and insurance companies. This document states that now we have these prices up on cotton at this time so that it takes only six bales of cotton to pay the interest on a $10,000 land-bank mortgage. But, my friends, the same farmer under the Lemke bill could pay the interest on this same mortgage with three bales of cotton.

Another argument raised against the bill by every man from the city district is, "What are you going to do about the $21,000,000,000 that my people owe on their homes?"

We are not considering city homes in this bill. When we passed the H. O. L. C. we did not try to include the farmers. You did not take care of the $21,000,000,000 under the Home Owners' Loan Corporation. If we are ever to rehabilitate this country, it will be when you put the farmers on a fair basis. [Applause.]

There is nothing wrong with the Lemke bill, except it did not come through the proper channels; it did not come here in a strait jacket. Now, my good friend, the chairman of this committee, Mr. JONES, has a good bill proposing to issue currency. It was reported at the same time this bill was reported. It is a good bill. I should be glad to vote for it. But it did not come through the regular channels; it did not come in under a strait jacket, therefore it has never been considered on the floor of the House. I want to ask the chairman, Mr. JONES, now why he did not get a rule from the Rules Committee for the consideration of his bill. He probably would answer that the chairman of the Rules Committee would not give him a rule. In speaking about the manner in which bills come to the Congress and that are considered by the Congress, I am not referring to the President of the United States. He is one of the best Presidents

we have ever had in the White House; he is interested in the common people; but would to God we could get some men like some of our leaders, the Speaker, if you please, and a few others on the advisory council, instead of the type of people that appear to be the President's advisers. Even the leaders of this House cannot reach the President; and I am sure, along with me, they do not agree with some of the things that are being done at this time and the manner in which the program is being administered. [Applause.]

Mr. Chairman, the Frazier-Lemke bill deals only with those farmers who now have mortgages on their farms and those who have lost their farms and want to repurchase same or some other farm and to certain tenants under certain conditions.

The bill proposes to use the same machinery that has been set up—that is, the Farm Credit Administration. The bill does not set up any new machinery, new high-salaried jobs, neither will it call for additional employees, except as provided for under section 10, which is very necessary if we are to have the bill properly administered.

Now, it has been said by those opposing this bill, especially the Liberty League, that this is an inflationary bill. Let us see about this. For the past 3 years we have issued billions of bonds bearing 3- and 4-percent interest, which has proven to be a godsend to those who, during the Republican reign, made untold millions at the expense of small speculators, independent business concerns, labor, and agriculture. The great masses have been bled white during this period, farmers losing their farms, independent merchants forced into bankruptcy, labor placed in bread lines, therefore, their purchasing power gone, and, as stated, these monopolistic parasites, the rich, composed of a very few of the 125,000,000 citizens of this great Republic are placing their money in these bonds. Every time one of these bond issues have been offered they have been gobbled up and considerably oversubscribed in each instance.

When you mention this bill to those who oppose same, the first thing they will say is: "I am not going to vote for a bill that proposes to print $3,000,000,000 worth of paper money."

Now, let us see what we propose to do under this bill.

We propose to issue $3,000,000,000 worth of bonds bearing an interest rate of 1½ percent. These bonds as issued from time to time will be offered to the investing public, as we have been doing in the past. These will be 47-year bonds, backed by the best collateral in the world, that is, the earth, from whence all real wealth originates.

Farmers will pay 1½-percent amortization payment into a revolving fund. This fund will be used as it accumulates to buy in these bonds as an investment and for retirement at the end of 47 years.

You ask, "Can we sell these bonds?"

Well, out of our past experience we find that every time Government bonds are offered, they are oversubscribed, as previously stated.

On March 12 the Secretary of the Treasury offered for sale 1½-percent Treasury notes, receiving total cash subscriptions amounting to three and one-fourth billion dollars. The award in this instance in these notes amounted to six and three-fourths billion dollars.

The amount subscribed over and above the amount delivered would indicate the eagerness on the part of investors to buy these bonds. If, however, these bonds do not sell when offered, then we have the right under the bill to go to the Federal Reserve banks and have currency issued on these bonds. Why not? This privilege has been given to banks for many years.

As president of a national bank, back in the teens, I was privileged to buy 2-percent consol bonds and have currency issued in the name of my bank, dollar for dollar, without any cost to my bank except a small amount for paper and the printing of the currency. This currency was expended through my bank, and in the meantime we were drawing 2-percent interest on our bonds.

Since that time the Federal Reserve Act has been so amended that banks can put up your note, my note, as well as farmers' notes and mortgages, all of which these banks are receiving from 6- to 8-percent interest thereon, and have currency issued.

Under this bill, if we have to issue currency, the Government will get the 1½-percent interest on the bonds that will be put up as collateral with the Federal Reserve banks.

I imagine that the Liberty League has in mind, in opposing this bill, that it is all right for bankers to do this; but, farmers, why, they should make themselves comfortable and satisfied by continuing to feed and clothe the world without profit, even to the extent of losing their farms, by continuing to pay 4-, 5-, and as high as 8-percent interest on their land mortgages.

Who is getting these milions from the high interest rates on these tax-exempt bonds which are bringing poverty to agriculture and encouraging communism in this country?

Certainly it is not the Government.

We all know that those actively engaged in business and industry are not; therefore, labor employed by these business concerns and by industry are not getting any of these millions.

As stated, the rich, who refuse to put their money into active business, which would give employment to the unemployed, so as to restore the purchasing power of that great class of wage earners, are securing these benefits.

Oh, we hear much these days about the Government's going into business, thereby competing with private business. I am against the Government's going into business, any line of business, that can be handled by the citizens of the country, except for the reason that this administration had to enter many lines of business because banks were broke and could not make loans and business and industry slowed down and in a great many instances closed their places of business and closed down their industries.

You know, in their estimation, it is all right for business and industry to control their production at the expense of placing millions of wage earners in bread lines; but when it comes to farmers, we must encourage them to increase their production so that the poor and unemployed might buy cheaply, while farmers are going into bankruptcy.

It is my belief that Mr. Roosevelt wants to get out of business, and will do so if and when banks begin to make loans and when business and industry put the unemployed to work on a fair wage scale.

Now, what is the sane and sensible view in issuing currency under this bill?

It is my firm belief that if we have to issue currency we will not reach the amount of $1,000,000,000 at any time; and if so, there is a provision in the bill providing for the retirement of this currency from time to time. If this bill is passed and signed by the President during this session of Congress, I feel sure, if the bonds do not sell, although I firmly believe that when offered from time to time they will be oversubscribed, that we would not be able to use over one-half billion of currency between now and the time when Congress meets next January. If at that time, out of our experience, we find that the act should be amended, it can be done.

I am as much against uncontrolled inflation as any Member of this House. However, after having passed through the deflation beginning in 1921 and the credit inflation of 1928–29, I would not mind having a little of some other type of inflation.

What happened in 1921, when the Federal Reserve banks under Governor Harding increased interest rates and called the banks of the country to pay their indebtedness? I can tell you because I was a victim.

I was president of a small country bank making loans to farmers. We had no trouble in rediscounting our paper with our corresponding bank or the Federal Reserve bank. It was stated that farmers must increase their production in order to take care of starving people, in that we had just come out of an awful war. Why, my little bank, with twenty-five thousand capital and twelve and one-half thousand reserve, borrowed $100,000 in 1921. When Governor Harding issued his orders given to him by the money changers of the East,

cotton prices fell from 35 cents per pound to 8 cents per pound, and from that time on banks began to cave in, millions of depositors lost their life savings by the thousands, and farmers have been losing their farms from that time on.

What happened in 1928–29? Speculators and investors and stock and bond sellers were furnished all the money they wanted by the Federal Reserve banks and the large banking interests of the country, and you know what happened when the crash came in 1929.

Perhaps that is the kind of inflation that you people who oppose this bill want.

One of the things we need today is a line of credit to business and industry. But those in control of the finances of the country prefer to hoard their cash and place same in high-interest, tax-exempt bonds and soak the taxpayers of the country.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FULMER. Mr. Chairman, let me give you a picture as to just what has been going on during the past, and even at the very present time.

I know of a farmer who in 1913 bought a large farm, paying all that he could rake and scrape on same, giving as part payment a mortgage of the farm for $18,000 at 6-percent interest per annum. For 12 long years this farmer was unable to make a payment on the $18,000 indebtedness, having a hard time raising the interest. During these 12 years he paid as interest $12,960. During the last 10 years he made payments along, paying in full for his farm last year. During the last 10 years he paid in interest $5,000. This makes a total interest payment over 22 years on the $18,000 mortgage of $17,960, or an amount in interest equal to the amount of the mortgage.

Let us take a look at this same case under the bill which we are considering at this time. Suppose, we will say, that this farmer would have paid this $18,000 in the same period of time, 22 years, although the bill gives him 47 years. He would have paid a total amount of interest of $4,800, a saving of $13,160.

Let me give you a case under the financing of farm mortgages by the Federal land bank at this time.

We have a farmer borrowing $10,000 for 30 years at 4 percent interest. During this period of 30 years he will have paid, largely to the holders of the land-bank tax-exempt bonds, a total amount of interest of $12,000.

Under the Frazier-Lemke bill this farmer would have paid $4,500, or a saving of $7,500.

Let us take the case of a small farmer dealing with the Federal land bank. We have lots of these small farmers, and they usually have large families to support.

I want you to remember that this is the type of farmer who was discriminated against under the Bankhead Cotton Control Act, in that he was not given enough cotton allotment to pay his actual farm expenses, let alone paying interest on his mortgage.

This small farmer owes $2,000, and at 4-percent interest rate he is called upon to pay in annually $80. During the 30-year period in which he is allowed to liquidate his land mortgage, he pays in interest $2,400.

Under the bill he would have to pay only $900 over a period of 30 years, or a saving of $1,500.

Would it not be better to give this little farmer this $1,500 than give it to those who are buying these 3- and 4-percent tax-exempt bonds?

My God! Do we wonder that 65 percent of the farmers in South Carolina are farm tenants? With all of this purchasing power unjustly taken away from farmers, going into the hands of the investing public as interest rates on tax-exempt bonds?

I want to say to you, my friends, who represent the large cities of this country, those of you who represent the industrial centers of the East, that if and when the urban homes of your cities will cease to be foreclosed upon, and if and when your wage earners have been put back to work, it will be if and when we give the 30,000,000 people living on the farms of the country a square deal, thereby restoring their purchasing power.

I know that it is your theory that to make farmers prosperous the unemployed must be put to work, that the various industries of the country must be protected with a tariff so as to be able to pay good wages, all of which will restore the purchasing power of the wage earners.

Calvin Coolidge stated on one occasion:

> If we (the Republican administration) can so administer the affairs of Government as to make business and industry prosperous, these groups will take care of agriculture and the wage earner, and everybody will be happy.

Past experience has taught us that this is not true. Go back, if you please, to the period during the past when farmers happened to receive fairly good prices for their products, which increased their purchasing power, and you will remember that you did not hear of any wholesale selling of the homes of the urban people of your cities, and in the meantime wage earners were employed.

I realize that if the people are employed, and at fair wages, it will mean purchasing power that can be used in purchasing farm products and manufactured goods, all of which is necessary to bring about an all-around, normal prosperity.

Several years ago the farmers asked for the McNary-Haugen equalization-fee bill. I am one of the very few men from the South who voted for it.

You gave us a Farm Board that wasted millions of the taxpayers' hard-earned money.

Go back to the CONGRESSIONAL RECORD at that time, and you will find where I stated that unless some means were provided to control production, pegging cotton prices would be just like putting millions of dollars in a rat hole. I am still sticking to this statement, but I do not want the kind of control that was given to many farmers under the Bankhead Act.

There was nothing wrong with this act, but the trouble was in the manner in which it was administered, and in a great many instances our own home people were responsible.

I realize that the Frazier-Lemke bill will not cure all of the evils that farmers have, but this bill is just and fair and will go a long way in giving heart to that great, poverty-stricken people, which will encourage thrifty tenants and young men and women, who are leaving the farms, to purchase lands and engage in farming.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, I regret exceedingly having to be in disagreement with men with whom I have served on the Committee on Agriculture for a number of years and with whom I have sat side by side and worked in behalf of the farmer day in and day out, month in and month out, and year in and year out. I say to the membership of the House, and the RECORD will bear me out in the statement, that during this administration the House Committee on Agriculture has never brought before the House for its consideration a piece of legislation that did not have the cooperation of the membership of the House. No legislation yet proposed by my Committee on Agriculture has ever been defeated in this House; and when we proposed legislation here with committee approval, the legislation was passed by the House. Why? This House has had and always shown great confidence in the Committee on Agriculture, and we members of the Committee on Agriculture endeavor to iron out our differences in committee, in executive session, and in conference, and appear before the membership of this House with a united front, you may say. In regard to this bill—H. R. 2066—the Committee on Agriculture has not been able to agree, and we do not come before you with a united front. Mr. LEMKE is not a member of the Committee on Agriculture.

On both sides of this aisle there are Members who are conscientious friends of the farmer. Democrats and Republicans are working and doing all they can to help the farmer, yet they disagree as to this legislation. I want to say to the

real friends of the farmer that the philosophy of some of us is as expressed by the distinguished gentleman from Texas [Mr. SUMNERS], chairman of the Judiciary Committee, who has preceded me on this floor. I can express it more aptly in the limited time I have by citing the Aesop fable, which tells us about the dog who had a juicy, luscious piece of steak in his mouth, and as he crossed the bridge he saw his reflection in the pool beneath. He wanted that piece of steak in the other dog's mouth that he saw reflected in the water, and in an effort to get it he opened his own mouth and lost what he had. I am afraid that is what will happen to the farmers of this country if we are not careful.

The city Members here have cooperated with us in the past and helped us pass the legislation for agriculture that we now have on the Federal statute books, and we deeply appreciate it. Today we have a separate credit structure for agriculture which is separate and apart from industry. It is sound and based on a solid foundation. That is taken care of through the Farm Credit Administration, the land banks, the cooperative banks, and various agricultural lending associations. There is an endeavor to meet the credit needs of the farmer through those agencies, and we are helping the farmer as best we can at present. It may be stated that we are charging too much interest, and I agree with the statement, but the tendency, Mr. Chairman, is to lower the interest rate. This is necessarily a slow process and must be proceeded with in a cautious and sound manner. I know this administration has done more for agriculture than any administration in the history of this country. And nobody will deny that statement. [Applause.] We today have the lowest farm interest rate in the world, and it may be reduced, but not at this session of Congress.

In the debate yesterday it developed there is a misunderstanding with some city Members. I have the highest regard for city Members; and if and when as a Member of Congress deeply at all times interested in the welfare of agriculture I promise anything, I will live up to the promise. It is evident, from what was said yesterday, there has been some trading by somebody, and I am of the opinion someone is going to be disappointed. If there is any promise here or trade, there is liable to be a dilusion, confusion, and disappointment. This bill may be passed and go to the Senate. It may come back here and instead of providing $3,000,000,000, as it now does, there may be provided $9,000,000,000. I do not know, and neither does any other Member know, what the situation may be, but we know what this Nation can stand, and we know what is sound legislation. Our committee has always tried to bring sound and constructive legislation before the House, and we have always endeavored to defend anything we brought in here as being based on soundness and on a financial structure that was genuine and worth while and one which meant real relief to the farmer. That is something for you friends of agriculture to think about. Does this Lemke bill do it?

Mr. Chairman, in my limited time I cannot analyze the bill. This credit is forced by the provisions of this bill—the security is insufficient and the proponents of the bill admit the weakness of that section by a proposed amendment which they expect to offer. They know the bill will be declared unconstitutional if the forced credit transaction is left in the bill as it is at present. Yet if the forced credit feature is taken out of this bill, it will never be enforced. It just will not work in a practical and business way. It has been said: Oh, you can sell these 1½-percent bonds, but you cannot do that with these particular bonds, because these are 47-year bonds; and the other sales of bonds as cited here which have been made by this Government involved short-term bonds only. There is a great difference on the bond market between short-term and long-term bonds.

This question of refinancing any kind of indebtedness by the Government is a most delicate and complicated matter. There is very little that any of us know about the broad question of money—when it is sound and when it is not. But we all know when the Government loans the taxpayers money it should be on a sound basis.

The Committee on Agriculture reported out another refinancing bill known as H. R. 7593—the Jones bill. I know this bill—H. R. 7593—has been given much time and study by my distinguished chairman, Mr. JONES, of Texas, and others of us privileged to be on the House Committee on Agriculture. But we cannot substitute the Jones bill for this bill under the rules of the House. That is my opinion. I do know, however, that my chairman, Mr. JONES, will offer his bill as a substitute at the proper time, but I am afraid that the point of order that will be made will be sustained by the Chair and that the Jones bill will not be substituted for the Lemke bill.

No one can deny that this Lemke bill sets up discrimination. On its face only about 15 percent of the farmers will be benefited. Eighty-five percent of the farmers will never be benefited by this bill even though it should become a law. There is no provision in this bill as to what farmers will be helped and what farmers will be left out. We all know that they cannot all be refinanced and that they all will not be refinanced.

There are nearly $9,000,000,000 of farm mortgages in this country and, my friends, please mark this prediction of mine at this time. If such a plan as this becomes a law, the big interests, the insurance companies, the big banks, and large mortgage-holding companies will get rid of the farm mortgages they now hold, procure what Government aid is available, and the actual farmers of your district and of my district will never receive any of the contemplated and much-talked-of relief promised them by this Lemke bill.

The way of this bill, if it becomes a law at this session of Congress, will be strewn with "broken promises." I fear it will be one of the greatest disappointments the farmers of our country have had. Everybody knows this Lemke bill is not an administration measure, and the administration has proved that it has always had the interest of the farmer at heart, and no one will deny it.

The leadership of this House have spoken against this bill.

To my mind, it was a mistake to consider the bill at this time, for we all know it is not going to become a law at this session of Congress. Politics is behind this bill, and it is going to leave scars, and I am afraid it is going to hurt the cause of agriculture and our future efforts to do something really worth while for agriculture.

We have gone a long way toward helping agriculture under this administration—much further than any other administration in the history of our country—but we have not yet reached our goal, and to enact this type of legislation at this particular time would, in my judgment, throw a monkey wrench into the whole agricultural program and would have a most unfavorable reaction, prejudicing Members of this House against the cause of agriculture, who have heretofore been our true and warm friends.

For instance, the agricultural program that we now have, which is a substitute for the A. A. A., cannot pay its way as the original A. A. A. did, because the Supreme Court has said that we cannot levy processing taxes for the specific benefits paid directly to the producer. Yet we all know that an agricultural program requires a great deal of money to finance it, and we have this year appropriated $500,000,000 to carry out the plans and provisions of the A. A. A. substitute that we recently passed. We could not have secured this appropriation if you city Members had not helped us. Now, if you city Members are laboring under any misapprehension that if you refinance or propose to refinance farm mortgages to the tune of $3,000,000,000, this farm bloc, who are sponsoring this Frazier-Lemke bill, will in turn help you to pass legislation here that will refinance some mortgages on homes in the cities to the amount of six or ten billion dollars, you city Members are going to be disappointed. We all know that this Nation cannot stand that kind of inflation. Yet when you start it, where are you going to stop? You can talk all you want to about "controlled expansion." That sounds good, but in all nations and in all countries wherever the camel got his nose under the tent, as this Lemke bill provides, the expansion was not controlled, but "uncontrolled inflation" resulted.

You have already heard on the floor of this House that if you refinance farm mortgages in this manner, you must and will be called on to refinance city mortgages. As I understand it, there are twenty or twenty-five billion dollars of city mortgages outstanding today. This administration is trying to help the city folks through the H. O. L. C. and other governmental agencies. But, my friends, you cannot at one fell swoop pass legislation that will help all the farmers in this manner any more than you can pass legislation that will help all the city folks who have mortgages on their homes. To do that it would require twenty-five or thirty billion dollars, and everybody—it does not matter how fantastic and wild their ideas may be with regard to inflation—knows that such a plan or policy as that would mean wrack and ruin for this country and destroy our financial structure. Big things have small beginnings.

I believe that most of you are just as I am—you want agriculture to have all the relief possible. We want the lowest possible rate of interest, but it has got to be commensurate with sound business and based on a solid foundation. We can best serve the interests of the farmer by watching our step, developing this sound agricultural program that we have, and not doing anything to drive our friends away from us who have helped us in the past by holding out false promises to them, be they living in the cities or not.

It would be a sad day for agriculture, in my judgment, if this House should lose confidence in those of us who have up to now carried the banner of agriculture under the approval of this administration, but we have a different leadership as to this bill, and I hope that we will not do anything here today that will be like Banco's ghost to rise up and plague the friends of agriculture in the future.

We must look to the future. We must plan for the future. And today with agriculture on the upward grade, we should not hamper its future progress under the guise of misinformation, propaganda, and the political claptrap of trying to help the farmer when in truth and in fact the reverse is what would likely happen should this particular bill at this time become a law; but I believe most of you feel as I do—that when the real facts concerning this legislation are known to the membership of this House this bill will be defeated—for it is not all that it is claimed to be, but it would take time, and more of it than I have at my disposal, to take this bill up and analyze it by sections.

Again, I want to say to you, my city friends, that our Committee on Agriculture craves your continued cooperation, for we have other constructive legislation that it is going to be necessary for the city vote to support in order for it to become a law.

I have introduced several bills providing benefits to the actual producer, but it is likely, as this session is drawing to a close, that it will be next session before the membership of this House is asked to consider these bills, as well as other vital and important legislation that our committee will present which we know will be of real benefit to agriculture and which will provide benefits that will go directly to the individual farmer, while here a plan is being proposed, under the guise of farm relief, to help the insurance companies, the big banks, building and loan associations, and great holding companies, who own and control a great percentage of the farm mortgages of this country, and who expect, if this bill is passed, to reap a rich harvest at the expense of the taxpayers of this Nation.

Therefore, may I again repeat and ask you to bear in mind that if you pass this bill there is no valid and good reason why similar legislation should not be enacted in an effort to help the city folks whose homes are mortgaged, which would require billions and billions of the taxpayers' money. In most instances the city home owner is in the same shape as the farmer—the one who owns the mortgage is either a bank, building and loan association, holding company, or big insurance company, and, unless I am wrong in my judgment, they are the ones who would get the cream; and if anything were left, the individuals we really want to help would hardly get the crumbs left from the table.

At all times my supreme effort here has been to do that which I thought was for the best interest of the farmer, and certainly that is my position with regard to this bill at this time.

There can be no question in the minds of anyone that the administration is against the Frazier-Lemke bill in its present form. It is my personal belief that this administration does not intend for this type of legislation to pass at this session of Congress be it supposed to benefit the farmer, the city man, or any other special class. All classes have been benefited by the efforts of this administration.

I am with and for this Democratic administration. It has meant much to this Nation, to my State, and to my district.

The laws we have enacted, the benefits we have received, the projects we have secured, and the Federal money that has been spent for our welfare has had administrative approval, and without the cooperation of the leadership of this administration very little real worth-while result can be obtained.

I do not intend now at this crucial time to desert the Democratic leadership of this House.

I thank you. [Applause.]

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. COLDEN].

Mr. COLDEN. Mr. Chairman, I desire to ask, who has the best credit in the United States? There is but one answer, and that is Uncle Sam. He normally pays 3-percent interest for the money he obtains from the sources from which many of us obtain our loans. Why should the Government loan money to a special group for one-half the rate it must pay?

I represent a part of the city and county of Los Angeles, and the cheapest money that the city of Los Angeles has ever borrowed, of which I have any knowledge, is at about 4 percent. Most of our city obligations draw around 5 percent, and 4 or 5 percent is the usual rate for our municipalities and for our States. For the Government, which pays 3 percent, to lend money at 1½ percent to any group, whether they are shipbuilders and operators, bankers, farmers, or laborers, or whoever they may be, is unfair discrimination.

I was very much intrigued by the very clever argument of the author of this bill [Mr. LEMKE], the eminent Member from North Dakota. In defending this discrimination he said that the Federal Reserve banks can borrow money for the cost of printing, or 30 cents per $1,000. He proposes to pay 50 times that much, but the bill does not propose to wipe out the unjust discrimination to which he refers. If we did our duty, we would take over the Federal Reserve System, authorize the Treasury or some governmental agency to issue every dollar of paper money in the interest of all the people, and exclude the Federal Reserve bank from this vicious privilege of issuing money. Congress should coin money and regulate currency, and not delegate this favor to favored bankers.

This bill provides that the favored farmer may borrow up to $25,000. The farmer who has assets that would justify this sort of loan does not need help one-tenth or one-hundredth as much as the millions of people in this country who do not own a foot of land anywhere.

If we want to do something fundamental in this Congress, we should bring out the Bankhead-Jones bill and give the forgotten man and the tenants a chance in this country.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COLDEN. I am sorry, but I have only 4 minutes and cannot yield.

I am against these discriminations. The indefensible discrimination exercised by bankers does not justify creating a new one for a small group of farmers. I hope we can sponsor some measure that will treat all classes equally.

This bill, if it passes, discriminates against the farmers who owe $6,000,000,000, and it discriminates against every home owner in the cities, and it discriminates against every business in this land. It is an unjustified discrimination in favor of a few, and I believe in that old slogan of democracy—equal rights to all and special privileges to none. [Applause.]

I signed the discharge petition to bring this bill to the floor for discussion and consideration. I believe the proponents of any measure in the interest of a material group should have consideration by the Members of the House. But in extending this right to be heard to the supporters of the Frazier-Lemke bill, I reserved the right to vote according to my convictions, my duty, and my responsibility.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, inasmuch as the Speaker deemed it advisable to read a communication from Mr. William Green, president of the American Federation of Labor, who is personally opposed to this legislation on the ground that if enacted into law it would lead to unrestricted inflation, I take this opportunity of reading a letter from Mr. A. F. Whitney, who is president of the Brotherhood of Railroad Trainmen. The letter was written to Mr. J. A. Farquharson, who is national legislative representative of the Brotherhood of Railroad Trainmen, and who is located here at Washington, D. C.:

MAY 6, 1936.

DEAR SIR AND BROTHER: I am enclosing herewith copies of letters I have just addressed to Senator LYNN J. FRAZIER and Congressman CHESTER C. BOLTON.

These letters are self-explanatory, and I urge you to do whatever you can to assist in the enactment of the Frazier-Lemke farm-refinancing bill.

Fraternally yours,

A. F. WHITNEY, *President.*

I also take this opportunity of reading to you the letter sent by President Whitney to Senator FRAZIER, which reads as follows:

MAY 6, 1936.

Hon. LYNN J. FRAZIER,
United States Senator, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I note the required 218 signatures have now been obtained on the Frazier-Lemke bill and the bill will come up for discussion in the House on May 11. This organization has consistently favored this legislation, for we realize that the farmers of this Nation are fast descending into a state of peasantry and will continue to do so unless some financial relief is obtained for them. I am communicating with our national legislative representative, Mr. J. A. Farquharson, 10 Independence Avenue SW., Washington, and asking him to give this bill his support.

I am glad to be of assistance in this worthy legislation, and I heartily agree with you that, in view of the fact that 32 State legislatures have endorsed this bill, it should be enacted without amendments, for certainly the majority of the people must favor such legislation.

With best wishes, I am,

Sincerely yours,

A. F. WHITNEY,
President, Brotherhood of Railroad Trainmen.

I want to make it perfectly clear that the brotherhood is wholeheartedly supporting this legislation. It might also be said at this time that the Speaker of the House might also have obtained a letter from Mr. Shouse, who is the head of the Liberty League, because he is also opposed to this legislation. [Applause.]

American Federation of Labor members, as well as members of the railroad brotherhoods, realize that their well-being and prosperity is entirely dependent upon the well-being of their fellow citizens who own and operate our farms. This bald attempt to play the laboring man against the farmer, and vice versa, is an old game which has been successful too often for the good of this great country. It is merely a "red herring" drawn across the path of this legislation by the servants of vested interests to confuse the real issue, which is, "Do you or do you not believe in real farm relief?"

The conditions following the debacle of 1929 remain. While farm prices of many commodities have risen in unit value, still the things the farmer must buy have risen in greater degree and he still remains in relative submergence. No man can win in an economic race while carrying such a handicap. On the basis of the present income of agriculture and of the present indebtedness of agriculture and of the present taxes and interest rates which agriculture must pay, it is impossible for agriculture to carry on successfully. When it can carry on, when it does prosper, then we will not be compelled to furnish relief to millions of nonfarmers who are now dependent upon governmental bounty and governmental doles. Farm tenancy is growing apace. Foreclosures have divested real farmers from ownership, while moratoriums against foreclosures are merely temporary and are not permanent nor remedial.

The Frazier-Lemke measure under consideration, if enacted into law, would give real relief. I am, therefore, wholeheartedly supporting the measure. [Applause.]

Mr. JONES. Mr. Chairman, I yield myself the remainder of the time.

I wish that the fine enthusiasm of my friends could be used to better advantage than in connection with this bill. In many respects they and others have favored recognition of equality for the farmers. But I have listened with interest to the statements that were made on yesterday and today by the proponents of this bill and there has not been one meed of praise for the institution that has done the finest job of refinancing of farm mortgages in the history of the whole world. It has not even been mentioned.

It would seem from these speeches that this administration is wholly subject to criticism in all its farm program, because I have not heard from the proponents of the pending measure a single statement in recognition of the only administration in 50 years that has actually done anything toward putting the farmers on an equality with industry. [Applause.]

YEARS OF STRUGGLE

I went through the period from 1920 on. Through a long period of years many of us worked in season and out urging equality for the farm and ranch and claiming that was all we wanted. We met defeat after defeat, coming back empty-handed, and then finally, after gaining victory, had our bills vetoed.

In carrying on that fight we had two obstacles: First, those who did not want to do anything, and, second, those who wanted to do too much, and by claiming too much wound up by getting nothing. Those who went through that long struggle realize how important it is to keep what we have builded and not by claiming more than can be attained, lose, as my friend from Mississippi [Mr. DOXEY] has said, the substance of what we have.

That was the story of the dog in Aesop's fable which had a good piece of meat in his mouth. Looking down into the water he saw what he thought was a better piece of meat. Turning loose what he had, he sought the other, and thus lost all his efforts. The moral of the fable was this:

Beware, lest in grasping at the shadow you lose the substance.

Aesop said that 2,600 years ago. It was built on folklore and the experience of the human race. It is just as true today as it was then.

THE RECORD

I am going to give you some facts. In the last two and a half years more farms have been refinanced by the Farm Credit Administration than in the 16 previous years of the land bank's history. [Applause.] One billion nine hundred and seventy-two million dollars have been used to make 748,000 loans on farms. These banks now have outstanding nearly 1,000,000 loans, aggregating $2,800,000,000, and we have the lowest interest rate for farm mortgages that ever existed in the history of the world. [Applause.]

Why do not my friends recognize that?

This is peculiarly a farmers' institution. It has taken years to build it. Nearly every fine institution can be easily wrecked, even when there is no intention of doing so. We should not take a hand ax and machete and wreck the train in order to get what seems to be a little more, but which in reality would prove to be less.

SEPARATE CREDIT STRUCTURE

I said in my platform years ago, when I first ran for Congress, that there ought to be an institution for agriculture apart from the commercial credit structure. I championed that on the floor for years. I talked about it so much that some almost thought I was "daffy" on the subject. But

within 3 months after this administration came into power it was my privilege to sponsor a measure which did just that.

Under this administration the loans on land-bank mortgages are 3½ percent, and the commissioners' loans are 5 percent. This is the lowest rate that prevails in any great country. Here are some of the rates which prevail elsewhere: Great Britain, 5.2 percent; Germany, 4½ percent; Canada, 5 percent; Denmark, 4 to 6½ percent; Hungary, 5 percent; Bulgaria, 8 percent; Czechoslovakia, 6 percent; France, 6 percent.

I want a lower rate as much as anyone. I want the lowest possible rate, but I want to look down the road. There are only 30 percent of the American people who are engaged directly in farming. We must show a disposition to be fair if we expect to hold what we have. I do not blame these gentlemen, but this country has been builded under party responsibility. This is a nonpartisan issue, and should be. But, if the machinery of government is not handled by one party or the other, confusion is likely to result—there is no continuing organization to be held responsible, and real issues are likely to be clouded.

I want to say that my friend—he is my good friend, and I admire him—voted against the Soil Conservation Act and the new farm program of this administration on February 21. That is his privilege. I do not criticize it. God bless him, if that is the way he felt, that is the way he should vote.

Members of the House, especially on the Democratic side, are you going to take your philosophy from a man who evidently does not believe in the philosophy of this administration? [Applause.] I do not know what the Republican side is going to do this year. If they want to go away back, they will nominate Mr. Hoover. If they want to go definitely forward along progressive lines, they will probably nominate someone like Senator BORAH. If they do not know where they are going, they will probably nominate someone like Mr. Landon. [Laughter.] He is smart. I admire him. He knows what discordant elements he must say grace over, and he is taking the only practical method. I say, "Luck to him." It probably does not make much difference whom they nominate.

But this thing transcends party lines far and away.

OUR GOVERNMENT

You would think from some of the discussion here that the American Government was a terrible thing and that it had mistreated nearly everybody. Go into any country on earth and see how glad you are to get back to these American shores. Bless your heart, this is a fine country. It has been builded on the genius and industry of American men and women. It is the finest country that was ever fashioned on this or any other continent in all the history of the world. And I want to say here and now that, whether under a Republican administration—bad as I think it sometimes is—or under a Democratic administration—fine as I think it usually is—I would not trade our country for any other country on earth.

FARMERS' INSTITUTION

Here is another interesting thing: Not only do the farmers have in the Farm Credit Administration for the first time in all the history of the world an institution of their own; not only has it handled and refinanced more farm mortgages in the last 2½ years than in the last 16 years of the land bank's history; not only has it handled them at the lowest interest rates this country has ever known, but its bonds are selling at practically an all-time high.

When this administration took over the land banks and reorganized them under the Farm Credit Administration and broadened the organization so as to include all types of farm credits, the land-bank bonds were selling at 82 and 83 and 81. Now they are selling around 100 cents on the dollar. I say that is a magnificent tribute to the way this job has been done by this administration.

It has not been perfect, but we must perfect it as we go along. In perfecting it, in making the necessary changes, or in performing any operation on the Farm Credit Administration, I want the surgeon who handles the knife to be one who wishes the patient to live; don't you? [Applause.]

Not one word of compliment has come from the lips of these gentlemen who are so anxious to perform a major operation. Oh, how unreasonable it all seems. This is the only institution we have ever had that has done a job like this. It has been a long, long struggle to the top of the hill. I wish we could get money without interest. I wish we could get it at 1 percent or one-half of 1 percent. I do not know whether I will stay here any number of years or go into the shadows soon. That is not important. But the whole essence of my life has been dedicated to this thing. Whatever faults I may have—and they are many—I am not going to try to fool the farmers. [Applause.]

When I go out I certainly want a stamp on my work. I may be wrong, but I have sat here through the years and have watched this thing. I believe I know something about what I am talking about. I have been carrying wood and water for this cause ever since I have been in Congress. Some of it has been wet; some of it has been green. I have not been very smart at times. But I do not want to try to burn down the house just to get a bigger fire for the moment. [Applause.]

CAREFUL LEGISLATION

I have great admiration for my friends, and I expect to be with them on many things that come down the line. I think they have let their enthusiasm run away with them. I really believe that. In order to try to bolster up a lost cause, in desperation they are offering a number of amendments which very vitally change their bill. Anybody who has ever studied money, who has ever studied financing, knows that it is a very delicate structure, and you cannot at a town meeting or on the floor of this House rewrite a bill that so vitally affects farm interests like the Farm Credit Administration in a haphazard fashion.

There is too much at stake to do things in a haphazard way. This is a broad, big country with many and conflicting interests. The most important interests of all are the interests of the farm and ranch. I believe I have worked as hard and as long as anyone in this House to get the lowest possible interest rates. But I am not interested in just advocating something. I want results.

I have been working for a considerable time with a number of others on a plan to form a Federal Reserve System for Agriculture. That is, a system that will give the 12 Federal land banks the same status and privileges now enjoyed by the 12 Federal Reserve banks. If this can be done, much more will be accomplished for the farmers of America than could possibly be accomplished by the pending bill, even though it had a chance of finally being enacted into law.

About 18 months ago, with the assistance of some others who are interested and with others who had given long study to the subject, I began the drafting of a measure which I hope will be finally enacted. At least I hope something like it may be finally enacted. It parallels the commercial credit structure and would furnish a very low rate of interest.

PARALLEL SYSTEM

We have a Federal Reserve System which takes care of the commercial credit structure of this country. We furnish local banks the privilege of issuing money by putting up 40 percent gold reserve or certain types of Government bonds, plus the balance in commercial paper.

We have drafted a similar measure for agriculture. It has been favorably reported by the committee. It is designed to furnish cheaper farm credit by providing means by which interest rates may be very materially reduced. This is done in two ways: First, the intermediate credit banks, being the discount banks for the Farm Credit Administration, and being owned by the United States Government, are given the privilege of selling their obligations and furnishing the money at cost to the Federal land banks. The intermediate credit banks, being Government institutions, can sell bonds at a cheaper rate than the Federal land banks.

In addition we transfer from the $2,800,000,000 profit which the Government made on the gold transaction 30 percent, or $840,000,000 in gold, to the intermediate credit banks. These being Government institutions, this would simply be a

bookkeeping transaction. On this gold as a reserve, plus agricultural paper instead of commercial paper, the note-issuing privilege is given. Such note would have the same backing and the same privileges as Federal Reserve notes. As it parallels the Federal Reserve System, no one can gainsay its justice. Again, we are merely asking for equality for agriculture.

The 40-percent gold basis, plus the farm paper, for intermediate credit notes is just as sound as the 40-percent gold basis, plus commercial paper, for Federal Reserve notes.

This bill has been gone over carefully by several who have made a great study of this subject. I expect to offer it as a substitute. Some of you may not want to go as far as I want to go along these lines, but I believe it would be a great step forward. It would accomplish far more than the pending bill and would inure to the benefit of all the farmers of the country, instead of to the benefit of comparatively a few. It is just and it is fair, and the privileges would be extended to every borrower under the land-bank system. I do not know whether we can do it now, but I believe ultimately we will get a program of this character, because I believe it is sound.

LOW INTEREST RATE

Under the measure which I propose an interest rate of not to exceed 2 percent would be provided on all loans of $5,000 or less, and upon the first $5,000 of all loans, regardless of size, made by the land banks or the land-bank commissioner. This low rate would apply to the uncollected balance of outstanding loans, as well as to future loans. On that part of the loan in excess of $5,000 the rate would be as low as the method of financing and the cost of administration would permit.

The measure which the gentleman from North Dakota is sponsoring provides for refinancing a portion of the farm mortgages of the country. His measure provides for 1½-percent interest and 1½-percent amortization payment. Then in addition each farmer or borrower is charged his pro-rata part of his expense of operation annually.

The experience of the land banks has been that this operating cost, including appraisals, papers, the making of loans, collections, and administration, generally amounts to about 1 percent. This is lower than private-mortgage companies have been able to administer, but this showing has been made by the Farm Credit Administration. This would make the rate of interest on the pending bill approximately 2½ percent, which, added to the 1½-percent payment on principal, would make a total annual payment of 4 percent, which is very low.

The measure which I propose to offer as a substitute would, in my judgment, be far more effective, more desirable, and would inure to the benefit of more farmers.

EQUAL TREATMENT

I put into my bill that the advantage of the note issue should go to all farmers in the farm-credit system. It would take care of the small farmer at a very low rate. It might be less than the sum specified, but it would not exceed that rate—probably about the present rate or perhaps a little less. At any rate it would take care of all the borrowers from the land-bank system on the same basis.

If the pending bill passes, a part of the farmers would be paying the low rate specified, and the remainder would be paying 3½ percent. It hardly seems fair that a farmer who has paid a portion of his loan and has managed in some way to keep his payments up, but who still owes a substantial balance, should be denied the privileges of the lower rate of interest.

It is necessary to use great care in drafting legislation of this kind. England had a farm problem in Ireland, as you will probably remember. They decided to buy from the absent owners a great deal of the land and sell it to tenants at a rate of interest materially below what the mortgage companies were charging. The loans ran over a long period of time—some 60 years. I think the interest rate was around 3 percent, while the commercial rates were around 6 percent. Naturally the tenants bought the homes.

Immediately speculators began offering the new purchasers $500 and $1,000 profits for their contracts, and the thing at once went into speculation. You could not blame these tenants, but many of them, lured by the easy money they had not known, parted with their purchases. Speculation grew so rife that as much as $150 and $250 per acre was being paid for tenants' rights in 1926, thus in many instances encumbering the land with second mortgages when the first mortgage still had about 45 years to run.

SAFEGUARDS

I take care of that feature in the measure which I shall offer by providing that only the actual operating farmer shall have the benefit of the reduced rate on these mortgages and that if the land is sold to other than an actual operating farmer the payments shall become immediately due and payable or the interest rates increased. Whenever interest rates are provided that are materially lower than current interest rates, some safeguard should be had to prevent the land from falling into the hands of speculators. This is just one of the safeguards which I mention and which shows how difficult it is to make numerous hurried corrections on the floor of the House and how much care should be exercised in the preparing of this type of legislation.

We have had a very difficult situation in this country. I am anxious to encourage home owning in every possible way. I have introduced a farm-home bill which would provide an opportunity for the purchase of farm homes. I have long worked on legislation which would provide for lower farm-mortgage interest rates. I want real results. I do not want to leave any loopholes that will permit speculators to reap the advantages of such legislation. I want those who till the soil and who furnish the basic wealth of this country to be the ones who will receive the benefits of legislation of this character. The farm-mortgage situation is very definitely improved, as shown by the statistics. However, there is room for still greater improvement. As a matter of fact, foreclosures are very small under the Farm Credit Administration just now. They are practically back to normal throughout the country, regardless of what may be said. The land banks last year completed foreclosures in less than 2 cases in each 100 of the mortgages which they held.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. JONES. I would rather yield a little later, if I have time.

Mr. RANKIN. The gentleman is not referring to Federal land banks, is he?

Mr. JONES. I am referring to the Federal land banks, and I have the statistics to support my statement. One and eight-tenths percent is the percentage of actual foreclosures in 1935, including voluntary deeds. That is the fact, and those are the statistics. [Applause.] The Farm Credit Administration informs me that many of those were cases where the farmer had abandoned the farm, or where they had ceased to try.

The foreclosures by private loan companies and other mortgagees has been considerably larger; in fact, several times as large. The Federal land banks now hold about 37 percent of the farm-mortgage debt of the country, and yet with more than one-third of the outstanding mortgages they have carried out only one-tenth of the foreclosures of the country. In other words, private companies, in proportion to the number of loans held, have foreclosed in four times as many cases.

I want to state the policy as given me by the Farm Credit Administration. Here is what they state:

> No foreclosure shall be instituted where any farmer, first, is doing his honest best; second, is applying the proceeds of production over and above reasonable living expenses to the payment of the primary obligation; third, is taking proper care of the property; and, fourth, has the capacity to work his way out of a reasonable burden of debt under normal conditions.

I am informed that practically all cases, or at least a great many cases, where foreclosure was had, were those where there had been abandonment or where the situation was hopeless and so recognized by the farmer himself.

Mr. WHITE. Mr. Chairman, will the gentleman yield there?

Mr. JONES. I cannot yield.

Mr. WHITE. Does the gentleman know that the Federal land bank has been charging 8 percent on delinquent payments and that that has been going on all the time?

Mr. JONES. No; I do not know that. While the law authorizes collection of 8 percent on delinquent installments, the Administration advises me that the average collection in such cases is only about 5 percent.

Mr. WHITE. I will inform the gentleman of that fact.

Mr. JONES. I do not think the gentleman is correct. The Farm Credit Administration advises me that the rate charged varies a little with the different banks. Five of the banks charge 6 percent, five of the banks charge 5 percent, and two of the banks charge the present loan rate on delinquent installments.

Mr. WHITE. I have documentary proof of what I state, and I will place it in the RECORD.

Mr. JONES. They do charge a little extra on delinquent payments; but, as a matter of fact, the delinquent interest carries only a small penalty which will run to much less than what the gentleman states. The figures have just been furnished me by the land-bank officials.

Now, let me cite the progress which has been made under this administration which our opponents charge has done just about nothing at all. Under this administration in 1932 if a farmer had a $10,000 mortgage on his farm, it would take 25 bales of cotton to pay the interest. Today it takes 5.9 bales. It took 1,826 bushels of wheat; it now takes 458 bushels. It took 2,174 bushels of corn; it now takes 425 bushels. It took 70 head of hogs; it now takes 19 head. It took 4,514 pounds of butter; it now takes 1,570. Figuring 100 percent as normal, it took an index of 175 of the all-unit basis index to pay the interest. It now takes 53. In other words, it takes less than one-third of the farm products to pay the interest on a farm mortgage than it did in 1932.

FARM HOMES

Mr. Chairman, I do not want to do anything which will interfere with the best possible deal for the farmer. I hope everyone who wants a home will have a chance to secure a home, because this Republic is anchored in the homes of America. But I do not believe we can turn the issuing of the money of this Republic over to any interested group. That is the trouble we have had heretofore. Let us get it clear away from the groups as we have tried to do in the past, and put it in the hands of the Government. I believe the Government should have its own bank of issue and should issue its own money, control the currency, and regulate the value thereof. [Applause.]

I would go that far, but I do not believe that we can afford to turn over to any interested group of borrowers that right. You know when the land banks were first organized they used to borrow the money from commercial sources. Now it has reached the point where the Government is putting up some money and, under this bill, if it should be adopted, the Government would put up practically all the money. No group should control the issuance of money. If you do this, how can you refuse to do the same thing for the home owners of cities?

I want to take the control of money out of the hands of the money changers. I want to restore complete control to the Government, whose responsibility it is, and whose faith and credit makes the money worth while. Then I want to see all of the citizens of our country put on the same basis and given the same privileges. This is the very essence of every democratic government. For this reason I have worked out the bill which I have introduced. I would be willing for similar privileges to be extended to the home owners in the cities. It could be done on a perfectly sound basis. It seems to me that this would encourage home owning, both in the country and in the city, in a far greater way than any other measures that have been proposed.

America did not just happen. It was builded. It was builded from the foundation up. Its cornerstone is equality. For this principle I have worked for years. Many fine spirits in this House and throughout the country have done likewise. We have sometimes disagreed as to methods, but I believe progress has been made. I want to see the rainbow of the farmers' hopes touch the ground. I believe that this can be done in strict accord with the principles on which this Government was founded and has grown great.

Mr. Chairman, I believe in the United States Government, its history, its institutions, and its people. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield the balance of my time to the gentleman fromg Nebraska [Mr. BINDERUP].

Mr. BINDERUP. Mr. Chairman, ladies and gentlemen, fellow Members of the Committee, I have listened with profound interest and much disappointment to the last speech delivered on the floor of Congress today against the Frazier-Lemke bill, that bill in which I am so intensely interested.

GREEN DESERTS FARMERS' CAUSE

The speech reflected sadness and disappointment. I refer to the speech of our Speaker [Mr. BYRNES], when he quite unusually took the floor to oppose our righteous cause by reading a letter from William Green, president of the American Federation of Labor, who opposed our bill because it would, as he said, help the farmers and not the laboring people. And so it was read—this message of poison promoted by some peculiar short-sightedness that could not see that the interests of labor and the farmer are so completely tied together that to help the one helps the other, that one cannot succeed without the other, that labor cannot gain employment unless the farmer can buy the goods from the factories. By this faulty statement there was once more injected the poison of prejudice to divide the ranks of labor and the farmer—disappointing, disheartening, and discouraging when I realize the years we have battled, the thousands of miles I have driven, the many talks I have made, in an effort to eradicate this poisonous prejudice injected by the enemies of our righteous cause for one reason only—that is, knowing that if they could keep a strife and a division between the farmer and the laborer, predatory, plundering wealth could sit back and laugh and accomplish its purpose; decorated in honor and clothed in the power of prestige we gave him when we elected him our Speaker, the gentleman from Tennessee amplifies the erroneous statement, the prejudicial poison, by spraying it out over the Nation, into every nook and corner.

UNITED WE STAND; DIVIDED WE FALL

I realize the battles I have in my own home district because I voted for labor in every case and in every bill that came up in Congress, especially because I voted for the Guffey coal bill, which would increase the price of coal to every one of my constituents in my district; because I supported the outstanding N. R. A., that did so much to increase prices of manufactured articles out in the West—all this in an effort to favor labor and to raise the price level. I was censured for this by my constituents, and now how painful it is for me to realize that, after our years of effort to help labor in every suggestion, in every bill introduced into Congress, that the labor leader, Mr. Green, turns his back upon the great agricultural West, the consumers of the products of the factories of the East. I explained to my farmer constituents that you cannot hope to establish a market for pork unless you increase the purchasing power of labor and put meat on the laboring man's table. You can never hope to sell your wheat unless the laboring man eats bread. And I received their approval by a flattering majority in the last election, sending me as their representative to the Nation's Capital. I am pleased to believe, however, from the knowledge that I have from personal contact with labor, that when Mr. Green wrote the poisonous sentiments in his letter to be read in Congress and destroy the farmers' cause, he did not speak the true sentiments of labor, and it is my own personal belief that he abused the confidence of his office by expressing an individual opinion, assumed to be the sentiment of labor in general. I believe labor understands that labor and the farmer must work hand in hand and raise the price level of the farmer's

commodities and the laboring man's wages to where they can maintain that high American standard of living to which each is so justly entitled. And I believe labor will regret the damnable poison spread by their leader so effectively equally as much as do the farmers regret it today. I sincerely hope that our enemies have not succeeded in dividing our ranks permanently and that the poison that pervades the atmosphere of this Chamber of Congress today, dividing labor and the farmer once more, may soon evaporate and that the former good feeling of cooperation may again return. My friends, I say with much consideration and forethought that William Green, who is the head of labor, has done more damage by this letter to the righteous cause of labor than he will ever be able to make right again if he should live to be a hundred years old and devote every hour of the day to make right his wrong. [Applause.]

GREEN'S LETTER RETARDS LABOR'S CAUSE

Mr. Chairman, I recognize most painfully the fact that when we, the Members of Congress, working in a righteous cause of labor and the farmer, go home to our districts and meet our constituents once more we will have to go back many years and begin all over again to create an understanding and cement together once more the combined efforts of the farmer and the laborer.

OPPOSITION TO FRAZIER-LEMKE BILL ONLY ONE-HALF PERCENT

But I heard another speech this afternoon on the floor of this Congress that made me happy. It was the message delivered by my friend the gentleman from Texas [Mr. JONES], chairman of the Agricultural Committee, who appeared in opposition to our bill. I had expected to hear opposition from him, but I am glad to note that no such opposition developed. There is only a half a percent in interest difference between the gentleman from Texas [Mr. JONES] and myself so far as the Frazier-Lemke bill is concerned, and I believe he stated that even this little difference might be reduced somewhat. [Applause.]

UPHOLDING THE DIGNITY OF LABOR

Mr. Chairman and fellow Members of the Committee, I pause for just a moment. I can hardly realize that at last this long-anticipated moment, this coveted opportunity has come. For many years at home I have been waiting and hoping and longing for this wonderful opportunity, when I would be permitted to stand upon the floor of this Congress and uphold the dignity of labor and the farmer and plead their righteous cause. I can hardly realize that this most coveted time has at last arrived. What a wonderful realization it is, my friends. What a privilege it is.

THE TORCH OF REASON OUR ONLY GUIDE

Coming from downtown this morning, I read once more that outstanding inscription carved on the cornerstone of the Archives Building, those three most important words, "Past is prelude." Yes; truly the past is the prelude to the future. It is out of the past, my friends, that we must find the retrospect that shall shed light into a dark and unknown future. It is out of the past that we must gather the criteria that will guide us knowingly and intelligently into the future along unknown paths. These criteria, my friends, are the only guidance we have—they are the very oil in the torch of reason, that wonderful, dependable torch of reason, that infallible guide which can be extinguished by only one power, and that is by the poisonous winds of prejudice. Prejudice, my friends, unknowingly perhaps, developing in the mind without a realization, that causes a Congressman to become a rubber stamp, following, perhaps blindly, in the leadership of some other man, or following some old dogmatic theory simply because it is old and has been used for hundreds of years. Prejudice—the stumbling block in the way of human progress. It warps the brain of men and sears the conscience and destroys the great institutions of civilization. Remorseless prejudice—it wipes from the earth today nations as it has in the past and covers them with a mantle of dust, giving only a yellow page in the history of countries that were once and are no more.

Prejudice—that is to the brain as poison to the body and sin to the soul. It was prejudice that in its effort to extinguish the torch of reason cast Galileo into a dungeon to die with thousands of others because they dared to proclaim the sound philosophy that the sun did not revolve around the earth but that the earth revolved around the sun, a philosophy that had been prohibited by the church and its horrible inquisition for hundreds of years. It was prejudice, my friends, in its effort to extinguish the torch of reason, that cast Christopher Columbus into prison because he dared to say the world was round, contrary to an old philosophy that had for centuries proclaimed the world was flat, dictated by ignorance. It was prejudice in its effort to extinguish the torch of reason that gave to Socrates the cup of poison hemlock as a reward for the great knowledge and wisdom he had given to the world. Prejudice, my friends, that in the morning of that fateful day whispered into the ears of Pilate, "Crucify Him. Crucify Him because he dares to propound a new religious philosophy that recognizes the worthy weak as against the greedy strong." Prejudices, pervading the atmosphere in this Chamber, that cries out today like a Joshua of old, when he said to the sun and the moon, "Stand still; stand still while I destroy humanity and murder the children and the mothers and the fathers and devastate the land." So prejudice whispers into the ear of the Senate and the House of Representatives today, like the Joshua of old, "Stand still while I destroy the homes of the Nation, while I destroy by foreclosure 256,000 farm homes, evicting the children and the fathers and the mothers. Stand still, O Congress of the United States, while we devastate and destroy homes that are God's sacred sanctuary on earth to man." Homes that are the very units of the foundation of our Government, without which our great Government will be destroyed, distintegrate and rot away, as have other nations of the past. The homes, my friends, wherein is molded the disposition and character of your children and mine, that shall determine the welfare of our great Nation, the Nation we love.

ENEMIES OF THE FRAZIER-LEMKE BILL

The Frazier-Lemke bill, my friends—the bill we are considering today—is all-important; and the enemies of the Frazier-Lemke bill were not satisfied with the title Frazier-Lemke bill, so they took the word "inflation", and they dipped this word into the poison cup of hemlock, such as had been handed to Socrates, and when they had steeped this word in poison distributed it through the radio and the public press and so wafted it into the minds of the American people they added it to the title and called it the Frazier-Lemke inflationary bill, stressing the danger of inflation that would raise the price level of labor and the farmer—the only thing and the only plan that ever can raise the price level of the farmer's products and the laboringman's salary. If they wanted to add to the name "Frazier-Lemke", why did not they call it the Frazier-Lemke home-building and home-protection bill? That is the right name. Why did not they call it the Frazier-Lemke perfecting amendment to the Federal land bank, for that is truly what it is? And without that amendment the Federal land bank will be a hopeless failure, as at present it protects only the wealthy and the speculators and entirely ignores the holy mission for which it was created—that of home building and home protection to the tiller of the soil.

TWO FEDERAL REGIONAL BANKING SYSTEMS

(At this point Mr. BINDERUP took a pointer and, referring to a large map of the United States he had prepared and placed before Congress, continued.)

Mr. BINDERUP. I have a map here before me that I have prepared in order to give you, my fellow Congressmen, a vision of the banking system of the United States.

The blue network (blue lines) on this map is descriptive of the Federal land bank; the red network (red lines) on the map is descriptive of the Federal Reserve banks. We have 24 Federal regional banks in the United States. Twelve of these are Federal land banks; they are the farmers' banks. Twelve of them are the Federal Reserve banks; they are the bankers' banks. Now, the only thing the Frazier-Lemke bill asks is that you will give to the 12 Federal land banks—the farmers' banks—the same rights that

you give to the 12 Federal Reserve banks—the bankers' banks. [Applause.] My friends, that is all there is to the Frazier-Lemke bill. Why should I continue for 30 minutes on the floor when this is all there is—and who dares deny the righteousness of this request?

FEDERAL LAND BANKS 100 PERCENT GOVERNMENT BANKS

The Federal land bank is purely 100 percent Government controlled. The Federal Reserve banks are purely and 100 percent privately controlled by member banks whose stocks are owned by foreigners to a great extent—in England, Italy, Germany, and France, primarily—as well as owned by American citizens. Now, the only thing that the Frazier-Lemke bill asks is that you will give the farmers' banks that are Government owned and controlled the same rights and privileges that you give to the Federal Reserve banks that are foreign and domestically owned and controlled. That is all there is to the Frazier-Lemke bill, and who dares to stand up in this audience and say there is anything unjust or unfair about this?

The Federal land bank is the largest financial cooperative agricultural institution in the world, although it has been in existence for only 20 years. It has 5,034 national farm-loan associations scattered in practically every county in the Nation. It has 650,000 farmer borrowers and stockholders. It has deposited in Washington $113,000,000 of the farmers' money, and they say to Uncle Sam, "We guarantee each other's obligations to the extent of 5 percent of the mortgage value of our land. If our neighbors fail to pay you, Uncle Sam, for their interest, insurance, or taxes, you can draw on this fund of ours of $113,000,000, as we want to protect you in every way, Uncle Sam. We have mortgaged our farms, the greatest and best farms and farmers and farm homes of the Nation, in order to secure you so that you will never lose a cent. We borrowed $90,000,000 of you, Uncle Sam, in 1916; up to the time of the depression in 1933 we had paid you back every cent except $50,000, thus showing our ability and desire to treat you right, and that is more than your other borrowers are doing for you. We have left the management entirely to you, Uncle Sam." The President of the United States appoints the Governor in Washington, who is the sole dictator of the whole system, who appoints 5 directors in each one of the 12 regional banks, as well as his own personal agent, thus making 6 representatives of the Government in every regional bank; and the farmers of 48 States, all the farmers, elect only one to represent the farmers' interests in each one of the banks. All the authority is the Government's, and even though we pass this bill the Government could at any time increase or decrease the amount of the $3,000,000,000 we ask, as Congress sees fit.

There is no greater security on God's green earth than Federal land-bank mortgages, where every farmer in the Nation guarantees his neighbor's indebtedness to the extent of 5 percent of the mortgage value of his own land. Even if our entire Nation should some day be conquered by a foreign foe and the entire Government be changed, and our Government bonds be worthless, the Federal land-bank mortgages on the homes of the Nation would still be worth 100 cents on the dollar. This is the kind of security we propose to give you, Uncle Sam, if you will just treat us the same as you treat the bankers. We do not ask as much, even. You are only charging the bankers 30 cents a thousand for the use of your credit and your Federal Reserve notes. We are willing to pay you 50 times more than the bankers pay you. We want to pay you 1½ percent interest, or $15 per thousand. Is there a Congressman within the hearing of my voice who will stand up and say that this is an unfair demand on the part of the farmers of our Nation?

FEDERAL RESERVE BANKS NOT GOVERNMENT BANKS

Now, I want to show you what kind of security, as a matter of comparison in the Federal Reserve Banking System, the bankers' banks, are offering Uncle Sam as security or basis on which to issue Uncle Sam's money, the Federal Reserve notes. I wish first to state, however, that I have been actively associated with the Federal land bank since 1917 as a borrower and stockholder; that I am very familiar with the entire Federal land bank system from the time when you write out the application with individual farmers, passed by the local national farm-loan associations, passed on to the Federal land banks, loans, obligations, or mortgages as sent on to Washington, placed with the Farm Credit Administration and consolidated bonds issued thereon; the formation of the Federal Farm Mortgage Corporation in 1933 that handled $700,000,000 of these bonds, whereon the farmers pay 4½ percent. The Government is selling these bonds with as low as 1½-percent interest, thus dealing on a 300-percent margin. I want to add I am very familiar with the Federal Reserve Banking System of the United States, and in order that I might qualify to stand before you here, my fellow Congressmen, I spent a great deal of time with members of the Federal Reserve Board at the last session of Congress; I remained in Washington last year until the latter part of September, believing as I did that a Congressman, a true representative of the people, is not made by an election, but is made by devotion and sincerity to his work, and that knowledge is light and wisdom is power. Therefore I became acquainted with the different departments of our Government, and most especially with the Federal Reserve Board of the Federal Reserve bank. I knew and understood that the Federal Reserve System of the United States is more powerful than our Government. And I just wanted to know how it happened.

WHAT BACKING HAS FEDERAL RESERVE MONEY?

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. BINDERUP. No; I cannot yield as my time is so limited. I just explained to you that the red network on this map represents the Federal Reserve System, the bankers' banking system of the United States. Can you imagine what the money of the Federal Reserve System of the United States is based on? In your wildest imagination, in your strangest fancies, in your vaguest dreams, can you imagine what is back of this Federal Reserve bill I am holding in my hand? No; you cannot; that is impossible. There is not a single soul in the world who knows what is back of this currency. A million inspectors would not be able to trace back and find the substance back of this Federal money. I asked a member of the Federal Reserve Board of the Federal Reserve bank in Washington and they told me they did not know, as all the paper back of Federal Reserve currency was held in the 12 private Federal Reserve regional banks; and that they, the Federal Reserve Board here in Washington, never did see the security nor even the paper representing the security, but merely took the word of the chairman of the class C directors of these banks, who acts in a dual capacity, and is also the Federal Reserve agent of the Federal Reserve Board. In other words, the buck was passed to the Federal Reserve regional banks. I undertook to run this matter down last summer during vacation and managed to meet a former director of one of the Federal Reserve regional banks. I asked him what was back of this Federal Reserve money in the way of substance, and he said they—the directors of the Federal Reserve banks—really did not know, as they never saw any of the security, but took the word of the directors of the member banks of the Federal Reserve System. In other words, he passed the buck. So I managed to meet the president of one of the member banks of the Federal Reserve System, and I asked him what was back of this Federal Reserve currency they had rediscounted with their regional Federal Reserve bank, and he replied, "Well, I do not really know; I only take the word of my customers." He had really never seen the security and did not know what the security was. In many cases there was no security—only the promise of some individual to pay. And so, in reality, I would have to hunt up the individual. In other words, they passed the buck; and, as I said, a million inspectors working overtime could never find the real substance security back of this Federal Reserve currency.

FEDERAL RESERVE MONEY BASED ON STOCK GAMBLERS' PAPER OF WALL STREET

But suppose we all make a few guesses. Let me guess first. I will tell you what might be back of this Federal Reserve currency, this bankers' bank money. Oh, it might

be some more Insull bonds such as the bankers' Federal Reserve banks financed so he could pyramid his stock and sell holding-company stock, mostly 99 percent water. Oh, yes; the Federal Reserve banks financed all the gamblers of Wall Street in 1929, boosted their stock to the sky by furnishing plenty of this Federal Reserve currency such as I hold in my hand; then all at once said, no; no more; and took the money away from them, and down crashed all bonds and stocks flat, just as they left the farmers flat in 1920. I pause once more and ask you to explain, if you can, why you financed Wall Street gamblers in this manner in 1929, and you are doing the same thing this very minute, and still refuse to vote for the Frazier-Lemke bill that provides for issuing our Federal Reserve money on the farms of the Nation, the greatest security on earth, and strictly a Government function. You do not cry "inflation" when we finance the crooks of the Nation and give them the right to inflate two hundred billions; in fact, the sky is the limit. But when we ask you to finance the farmers' homes to the comparatively small amount of $3,000,000,000, you holler until you are hoarse; you stand on the floor of Congress and call us radical inflationists. Let me ask you, are we radical because we ask that the farmers, through their banking system, the Federal land bank, should have the same right as the bankers have through their Federal Reserve banks, or are you radical that demand a superior right for the bankers? You Republicans on this side of the aisle: I ask you, who are continually urging that we must stay by the Constitution of the United States—and I am with you in this—you accuse the Democrats of violating the Constitution. Then, why not be practical and insist that the function of issuing money must be returned to the Government as the Constitution provides in plain words:

Congress shall coin all money and regulate the value thereof.

That is plain English. Why do you not insist in this case that we take this privilege away from the Federal Reserve banks that have stolen this sacred right from our Government? You rejoiced when the Supreme Court found the farmers' A. A. A. unconstitutional, but when we plead to take our constitutional right to issue money away from the Federal Reserve Banking System, private banks, if you please, wherein the Government does not own one cent of stock, many of you fight against this constitutional provision and insist that the bankers must retain this superright.

FEDERAL RESERVE MONEY BASED ON LIMBURGER CHEESE OVER IN GERMANY

But let us go back to the Federal Reserve currency such as I hold in my hand, and guess again. Second, maybe it is a shipment of limburger cheese over in Germany that has not been shipped yet that some importer in the United States bought on 30, 60, 90, 120, or 180 days' time on acceptances, time drafts, notes, debentures, or other evidence of indebtedness—as all Federal Reserve currency is issued on debt—that readily finds its way into the notorious stock exchange of New York City, where it is bought at a discount by some member bank of the Federal Reserve, or perhaps by the Federal Reserve bank itself, as they buy paper direct. Thus it finds its way into the Federal Reserve Banking System of the United States, and Federal Reserve currency is issued thereon, such as this $20 bill I am holding in my hand. If I had a little more time, I would like to tell you, step by step, just how this is done. I hope sometime in the future I may have this privilege. Now, my friends, I pause again for a moment to challenge anyone to deny this statement.

FEDERAL RESERVE MONEY PRINTING-PRESS MONEY

Or it might be something else. I have a friend out in Nebraska whose business it is to churn butter. He sells this butter to buyers, foreign and domestic, and, as evidence of his customers' indebtedness to him, he accepts time drafts and sometimes notes whereto are attached certain contracts. He discounts this paper with his bank, which happens to be a member of the Federal Reserve System. The member bank sends this paper to the Federal Reserve Bank of Kansas City, and the Federal Reserve bank says something like this to the Federal Reserve Board in Washington: "We have a certain amount of paper that has been examined by the directors of our bank, O. K.'d by the chairman of our directors", who is now speaking to you in a somewhat changed personality, because he has now become the Federal Reserve agent of the Federal Reserve Banking System of the United States, so he speaks with governmental authority. He tells the Federal Reserve Board of the Federal Reserve bank to inform the Comptroller of the Currency to advise the Secretary of the Treasury to instruct the Bureau of Engraving and Printing to press an electric button and start the printing press going and to print a certain amount of Federal Reserve currency such as I hold in my hand here and send this printing-press money to the Kansas City bank to finance what? Oh, my friend's butter, which has not as yet been churned; the cows have as yet not been milked; the cows are probably not as yet fresh, and no one on God's green earth knows where the cows are. [Laughter and applause.] And on such imaginary transactions the Federal Reserve Bank of the United States issues the currency such as I hold in my hand, which reads "Federal Reserve note—Government of the United States will pay to the bearer."

A wonderful system, is it not? How would you like to have the privilege of issuing checks, stating on the check that your neighbor, John Jones, would pay to the bearer on demand? Well, that is exactly what the Federal Reserve does, issues checks on the United States Treasury, and we are supposed to believe that they have some security hidden away some place, God only knows where, and we just draw on an inexhaustible imagination, and so Uncle Sam issues his money based on such imaginary security. That is not all; I am going to take a little more time to tell you just exactly how another one of these transactions happened—one out of a million.

FEDERAL RESERVE MONEY BASED ON AL CAPONE'S WHISKY

Did you ever know that during the balmy palmy days of prohibition we financed Al Capone's bootleg whisky, that he shipped from Canada, with Federal Reserve money based on United States credit, through the Federal Reserve Banking System of the United States, money such as I hold in my hand here? I want to dwell a little on this transaction. First I want to tell you that this information was brought to me by a cashier in one of the banks of Chicago. I had also read something of the kind, but it seemed to me that this was going quite a way, to print money based on bootleg whisky. So I asked a member of the Federal Reserve Board if this could possibly be true. He replied, "There is no doubt whatever but what this paper would be eligible for rediscount in the Federal Reserve System, and undoubtedly your information is correct. We, of course, do not see the paper on which this money is issued, as it is retained in the 12 Federal regional Reserve banks; we take the word of the director of the bank, who is the Federal Reserve agent in each bank. And the Federal Reserve relies on the member bank who rediscounts the paper. They are only interested in the maker and endorser, as to their mercantile responsibility, and, of course, the paper is first class. The distiller in Canada is a millionaire and so is Al Capone. The paper is unusual, as it is collectible under two codes of law—first, against their net worth under the civil law, and, second, collectible under the criminal law. All anyone would have to do would be to whisper, 'Al, the paper is due. Come in and pay up or you and your distiller will go to jail.'" [Applause and laughter.]

I want to go into this transaction more in detail to show you step by step how the paper drifts into Washington as a basis of money issued. Those of you who are familiar with the Federal Reserve System will know that they are exercising many short cuts, but I am giving it to you step by step, such as it would be handled if they did not avail themselves of the short cuts. Al Capone orders a million dollars' worth of whisky from Von B—— & Son, distillers in Canada. He buys this probably on 60, 90, 120, or 180 days' time, always with renewal privileges if necessary. The Canadian distillery immediately sends acceptances, time drafts, notes, or

other evidence of Al Capone's indebtedness to their correspondent bank in Chicago who advises Al Capone to come in and sign this paper. The member bank buys this paper, usually at a pretty good discount because there is plenty of profit in the whisky business. A dollar does not mean a whole lot to them. When the member bank rediscounts this paper with the Federal Reserve Bank of Chicago, the Federal Reserve bank directors examine this paper under the direction of the class C director. He O. K.'s the transaction. He takes this paper in his hand and steps across the aisle into another room and lo and behold the transformation. A modern Dr. Jekyll and Mr. Hyde. Passing into the other room he now becomes the agent of the Federal Reserve Banking System of the United States; clothed in governmental power he calls up the Federal Reserve Board of the Federal Reserve bank in Washington and talks to them something like this: "I have a million dollars' worth of good paper that is eligible under the Federal Reserve Act as a basis for issuing money. Send me a million dollars at once." And the Federal Reserve Board in Washington takes his word for it and phones to the Comptroller of the Currency, Mr. O'Connor, who instructs the Secretary of the Treasury, Mr. Morgenthau, to inform the Bureau of Engraving and Printing to touch a certain electric button and the printing presses start running and grind out a million dollars' worth of Federal Reserve currency such as I hold in my hand, and send this printing-press money to the Federal Reserve Bank of Chicago, Ill., and thus Uncle Sam finances Al Capone's whisky and all the farmers ask is the same consideration Al got and will pay 50 times more for the same privilege. [Applause.]

Going over this transaction with a member of the Federal Reserve Board, he explained to me that his Board were cutting out all of these steps now and that they were printing hundreds of millions of dollars of this currency in advance, and sending millions to each one of the Federal Reserve regional banks so they could just help themselves and they would not have to ask the Federal Reserve Board for any money.

FALSE REASONS FOR DEPRESSIONS

My friends, do you hesitate to believe me? I do not blame you if you do. You did not think the Federal Reserve Banking System and the monetary system of the United States were so rotten, did you? And you wonder why we have panics, depressions, and hundreds of thousands are losing their homes. You did not understand, did you? No; the enemies in this case told you that it was God Almighty that was doing this, and that it was He who visited this curse upon humanity every few years. They called it cycles, and they said it just could not be helped. They said it was because there was too much machinery. Yet we have had many panics before, way back in 1837, one of the most severe panics, and there was not any machinery in existence at that time. Then they told you that it was the tariff, but the Republicans gave us all the high tariff they could and the Democrats are in power right now, and if they believe it, they could give us free trade any minute they wanted to. They said it was because there was too much labor. Yet in 1929—that is only 7 years ago—labor was so scarce you could hardly hire a man, especially mechanics in the various lines. Yes, the enemies through the public press and the radio will tell you all these things. And then they will say it was the war, but we had prosperity for 11 years after the war, and every thinking man knows this is not true. They told us that it was overproduction—that we raised too much—and yet 10,000,000 people are hungry and 50,000,000 people would fain have more. They say we went too fast, and that the Nation overbuilt its homes, and yet millions of people are without homes. They said we had lived too fast and bought too much, while we know the farmers and the laboring people scarcely have enough clothes and are living without the great conveniences to which they are entitled in a civilized nation with endless resources and endless credit. They say it is because we have gone into debt too much, and yet, my friends, analyze the monetary system of the United States and you will know that all of our money is based on debts. And if we should pay our debts and thereby take 90 percent of our check-book money out of circulation the price of a good farm will go down to less than a dollar an acre.

You have wondered about our monetary system, have you not? But you have also wondered why we are starving to death in the midst of plenty. Examine and you will find that the two are positively and absolutely linked together. They say the monetary system is difficult to understand. My friends, believe me when I tell you that anyone who could learn his multiplication tables can much easier understand the monetary system. There is nothing difficult about it.

USING UNITED STATES CREDIT TO FINANCE ARGENTINE WHEAT

In conclusion, just one more example of what this treacherous money can do, such as I hold in my hand, the Federal Reserve currency, issued by the Federal Reserve Banking System of the United States. Just a short time ago an exporter of wheat in Minneapolis received an order for a million dollars worth of wheat to be shipped to England. He investigated the markets and found he could buy this wheat for a small fraction of a cent, because of freight rates, cheaper in Argentina than he could buy it in the United States. He made a small deposit on the wheat, and through the same system as described in former cases, through obligation of the English importer, evidenced in time drafts, notes, or debentures that found its way into the stock exchange, or, perhaps, it was into the Federal Reserve Bank of Minneapolis. It traveled the same course as Al Capone's whisky paper, and thus we used the credit of the United States with these Federal Reserve notes to finance a shipment of wheat by an American exporter from Argentina to England, and used the credit of the United States in competition with our own farmers. [Applause.]

LIKE CHILDREN GROPING IN DARKNESS

Here in Congress, fellow Members, it seems to me we are like children groping in darkness. Why not pause for a moment and analyze the situation? I know we all believe in cause and effect. Let us find out the reason we fell from the highest plane of prosperity to the lowest level of depression, starvation, and misery; and knowing the cause we are sure to find the remedy. They have said that we should go out on an experimental stage—and God knows we have been there. Maybe, however—maybe if we keep groping along in darkness long enough, and all the blind alleys have finally been closed, we will then discover the right cause and all work together in the right alley. Believe me, my friends, it is the control of our monetary system that we lack, that measures the sweat of the brow of man by its own abundance—meaning its own abundance of money in actual circulation, not locked up in bank vaults. It might as well be in the bottom of the Atlantic Ocean. And the Frazier-Lemke refinancing of farm mortgages is the first step in the right direction. [Applause.]

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act shall be known by the title "The Farmers' Farm Relief Act."

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 1, line 3, strike out all of lines 3 and 4 and insert in lieu thereof the following:

"That this act may be cited as the 'Agricultural Bank Note Act.'

"AGRICULTURAL BANK NOTE COMMITTEE

"SEC. 2. (a) There is hereby created a committee to be known as the 'Agricultural Bank Note Committee' (hereinafter in this act referred to as 'the Committee') which shall be composed of the Secretary of the Treasury, the Governor of the Farm Credit Administration, and the Intermediate Credit Commissioner. Each of such officers may, at any time, authorize any officer or employee of the department or agency of which he is the head to act in his place as member of the Committee for such period and under such circumstances as may be fixed by him, and while so authorized such officer or employee shall have all the powers and duties of the member of the Committee for whom he acts, including the power of acting as chairman. The Governor of the Farm Credit Administration shall be chairman of the Committee and a majority of the Committee shall constitute a quorum.

"(b) The Committee shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees as may be necessary to carry out the powers and duties now or hereafter conferred upon the Committee, to require bonds of them and fix the penalties thereof, and dismiss them at pleasure. The rates of compensation of all such agents, officers, and employees shall not exceed the rates of compensation prescribed for comparable duties by the Classification Act of 1923, as amended. No member of the Committee and no person acting as a member shall receive additional compensation for such service but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the Committee outside the District of Columbia.

"(c) The Committee shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. In carrying out its powers and duties, the Committee may, with the consent of any board, bureau, commission, independent establishment, or executive department of the Government, avail itself of the use of information, services, facilities, officers, agents, and employees thereof.

"(d) The Committee shall have power to prescribe the manner in which the obligations of the Committee shall be allowed and paid. The expenses of the Committee shall be paid out of the proceeds of assessments levied on the Federal Intermediate Credit Banks by the Committee. The Committee shall from time to time estimate the expenses of the Committee for such period as may be determined by it, and each such bank shall pay to the Committee, within 15 days after demand therefor, the amount which the Committee fixes, on such equitable basis as the Committee may determine, as the bank's proper share of such estimated expenses.

"(e) The powers conferred on the chairman of the Committee under this act shall be exercised in accordance with the policy determined by the Committee and subject to the general supervision and control of the Committee.

"(f) The Committee shall have power to make such rules and regulations as it deems necessary in carrying out the powers and duties now or hereafter conferred upon it.

"DISCONTINUANCE OF DEBENTURE ISSUE

"SEC. 3. No Federal Intermediate Credit Bank shall have authority, after 90 days after the date of the enactment of this act, to issue debentures under the provisions of section 203 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, secs. 1041, 1042, and 1043; Supp. I, sec. 1041), except that if the Committee unanimously finds that the issuance of debentures by any Federal Intermediate Credit Bank is necessary to supply funds to such bank to supplement funds made available under this act, or to meet emergency needs of such bank, the Committee may, by unanimous vote, and with the approval of the President, authorize such bank to issue, under the provisions of such section 203, such amount of debentures as the Committee may prescribe. Notwithstanding any such authorization, no such bank may have outstanding at any one time debentures and other obligations issued under such section 203 in excess of 10 times the amount of the paid-in capital and surplus of such bank, nor have outstanding at any one time debentures and other obligations and notes in excess of 15 times an amount equal to the unimpaired capital plus the surplus of such bank. For the purpose of enabling any such bank to comply with the requirements of such section 203 relating to the giving of security for obligations incurred by it, the Committee shall authorize the release of the lien for notes provided in section 4 (b) on so much of the assets of the bank as may be necessary, but no such release shall be authorized if the effect of the release would be to reduce the fair book value of the amount of assets of the bank subject to such lien below an amount equal to the total face amount of outstanding notes issued by such bank.

"ISSUANCE OF BANK NOTES

"SEC. 4. (a) Upon application by any Federal Intermediate Credit Bank to the chairman of the committee, in such form as may be prescribed by him, such bank may be authorized by him to issue notes under the provisions of this act for any lawful purpose for which such bank may need funds. The chairman shall determine the needs of such bank for funds, the necessity of such contemplated note issue to meet such needs, and whether the requirements of this act will be complied with in connection with, and its purposes carried out by, such note issue, and, on the basis of such determination, shall grant such application in whole or in part or reject it entirely.

"(b) Such notes, when issued, shall be lawful money, shall be legal tender at their face value for all debts, public and private, shall be obligations of the United States and the issuing bank, and shall be a first lien on all the unpledged property, except cash, real property, and tangible personal property, of the issuing bank. Each Federal Intermediate Credit Bank shall be liable on the amount of notes issued by each other Federal Intermediate Credit Bank which is not paid after the assets of such other bank have been liquidated and distributed, and, in such case, the provisions of section 207 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 1081), relating to unpaid losses of principal on debentures of the banks, shall apply with respect to notes issued under this act. The total amount of such notes which any such bank may have outstanding at any one time shall not exceed the fair book value of the unpledged property (not including tangible personal property or real property) of such bank, nor shall such total amount of notes, together with the total face amount of any debentures and other obligations of such bank which may be outstanding, exceed 15 times an amount equal to the unimpaired capital plus the surplus of such bank. The total face amount of such notes which all the banks may have outstanding at any one time shall not exceed two and one-half times the amount of the fund set aside as a reserve for such notes under section 5 (a).

"(c) Upon approval of any such application, the Comptroller of the Currency, on order of the chairman, shall deliver such notes to the Farm Loan Registrar of the land-bank district in which the issuing bank is located. The registrar shall hold the notes subject to delivery to the bank as required by it and shall be responsible for the safekeeping of such notes during the time they are in his custody.

"(d) In order to furnish suitable notes for issue under this act, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000 as may be required to supply the issuing banks. The notes shall be in such form and tenor as shall be prescribed by the Secretary of the Treasury. The Secretary shall provide for identifying the issuing bank on the notes by a distinctive letter and serial number.

"(e) When such notes have been prepared they shall be deposited in the Treasury or in the Subtreasury or mint of the United States nearest the place of business of the issuing bank and shall be held by the United States for such bank subject to the order of the Comptroller of the Currency for their delivery as provided by this act.

"(f) The plates and dies to be procured by the Comptroller of the Currency for the printing of such notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the committee. The examination of plates, types, bed pieces, etc., and regulations relating to such examination of plates, dies, etc., of national-bank notes provided for in section 5174 of the Revised Statutes (U. S. C., 1934 ed., title 12, sec. 108), are hereby extended to include notes herein provided for.

"RESERVES FOR NOTES

"SEC. 5. (a) The Secretary of the Treasury is authorized and directed to set aside in the Treasury and hold as a reserve for the notes of all banks authorized to be issued under this act the sum of $800,000,000 in gold of the standard of weight and fineness provided in accordance with law on the date of the enactment of this act. The stabilization fund provided for in section 10 of the Gold Reserve Act of 1934 is hereby reduced by such amount.

"(b) The Committee shall require each issuing bank to maintain on deposit in lawful money (other than notes issued under this act) with the Treasurer of the United States a sum sufficient, in the judgment of the Secretary of the Treasury, to meet demands for redemption by the Treasurer of notes issued under this act by such bank, but in no event less than 5 percent of the total amount of such notes issued by such bank which are outstanding. Such deposit shall be considered property of such bank for the purposes of determining the amount of notes which such bank may have outstanding under this act.

"(c) The Committee shall require each issuing bank to keep on hand at all times in other lawful money a sum sufficient, in the judgment of the chairman of the Committee, to meet demands for redemption at the issuing bank of notes issued under this act by such bank, but in no event less than 5 percent of the total amount of such notes issued by such bank which are outstanding. Such sum shall be considered property of such bank for the purposes of determining the amount of notes which such bank may have outstanding under this act.

"REDEMPTION OF NOTES

"SEC. 6. Notes issued under this act shall be redeemed in other lawful money upon demand at the Treasury Department of the United States in the District of Columbia, by the Treasurer of the United States, or at the bank issuing the notes. Redemption shall be in such kind of lawful money as may be determined by the redeeming agency. In the case of redemption at the Treasury, the amount required for redemption shall be paid out of the deposit for such purpose maintained by the issuing bank or, if such deposit is inadequate, the amount, upon direction of the Secretary of the Treasury, may be paid, in whole or in part, out of the deposit of any other issuing bank or banks. The issuing bank shall, upon demand by the Secretary of the Treasury, restore the amount of its deposit, or the deposit of any other issuing bank, as the case may be, for the amount of any redemption at the Treasury of notes issued by such bank.

"RETURN, RETIREMENT, AND CANCELATION OF NOTES

"SEC. 7. (a) Whenever notes issued under this act by one bank are received by any other issuing bank, the receiving bank shall promptly return such notes to the issuing bank for credit or redemption, or upon direction of the issuing bank, shall forward such notes direct to the Treasurer of the United States to be redeemed. The Committee is authorized to require any Federal Reserve bank to present notes issued under this act to the bank of issue or to the Treasurer of the United States for redemption, at any time, and in such amount as the Committee deems necessary to carry out the purposes of this act.

"(b) Notes issued under this act received by the Treasurer of the United States otherwise than for redemption shall be returned to the bank of issue for the credit of the United States.

"(c) Any issuing bank may at any time reduce its liability for outstanding notes issued by it by depositing with the Secretary of the Treasury notes issued by it or other lawful money.

"(d) Notes returned to the issuing bank under this section, redeemed by the issuing bank, or deposited with the Secretary of the Treasury under subsection (c) shall not be reissued except upon compliance with the terms of an original issue.

"(e) The Secretary of the Treasury is authorized and directed to prescribe regulations governing the return of notes to the issuing bank and the cancelation and destruction of notes unfit for circulation and preventing reissue of notes except upon compliance with the terms of an original issue.

"FEDERAL RESERVE BANKS AS AGENCIES

"SEC. 8. The several Federal Reserve banks, upon the request of the committee, any bank authorized to issue notes under this act, any Farm Loan Registrar, or the Comptroller of the Currency, are authorized and directed to perform such services (including acting as depositories and fiscal agents) in connection with the execution of the powers and duties conferred on the requesting agency under this act as may be requested by such agency and shall for such services receive such compensation as may be agreed upon.

"LOANS TO LAND BANKS BY INTERMEDIATE CREDIT BANKS

"SEC. 9. Effective 90 days after the date of the enactment of this act, the Federal Farm Loan Act, as amended, is amended by inserting at the end of section 202 (a) thereof the following new paragraph:

"'(4) To make loans or advances direct to any Federal land bank on the security of direct obligations of the United States, Federal Farm Mortgage Corporation bonds, consolidated Federal land bank bonds, Federal land bank bonds, or other security approved by the Governor of the Farm Credit Administration. The limitations on maturity of loans provided in section 202 (c) of this act and the provisions of section 204 (b) of this act (relating to rates of interest charged original borrowers) shall not apply with respect to loans or advances made under this paragraph.'

"INTEREST AND DISCOUNT RATES

"SEC. 10. (a) Effective with respect to loans and discounts made by Federal intermediate credit banks after 90 days after the date of the enactment of this act, section 204 (a) of the Federal Farm Loan Act, as amended, is amended to read as follows:

"'SEC. 204. (a) The Intermediate Credit Commissioner, with the approval of the Governor of the Farm Credit Administration, shall fix the discount rates and interest rates to be charged by Federal intermediate-credit banks. Different rates may be fixed for different banks and for different classes and maturities of loans and discounts made by the same bank.'

"(b) Effective with respect to loans made after 90 days after the date of the enactment of this act by the Central Bank for Cooperatives and the banks for cooperatives, section 8 (a) of the Agricultural Marketing Act, as amended by section 54 of the Farm Credit Act of 1933, is amended to read as follows:

"'SEC. 8. (a) Loans to any cooperative association shall bear such rates of interest as may be prescribed by the Cooperative Credit Commissioner, with the approval of the Governor of the Farm Credit Administration. In fixing such rates of interest the Commissioner shall fix such rates as he deems the needs of the lending agencies require, and different rates may be fixed for different banks and for different classes and maturities of loans made by the same bank.'

"CHARTERS AND BYLAWS

"SEC. 11. Such changes as are necessary in order to make the charters and bylaws of corporations affected by this act conform to the provisions of this act are hereby expressly authorized to be made.

"FEDERAL FARM MORTGAGE CORPORATION AS DEPOSITORY

"SEC. 12. Any corporation organized under (a) the Federal Farm Loan Act, as amended, (b) the Farm Credit Act, as amended, or in which a production-credit corporation organized under such act holds stock, or (c) section 201 (e) of the Emergency Relief and Construction Act of 1932, and any receiver of any of the foregoing corporations is hereby authorized to deposit funds with the Federal Farm Mortgage Corporation, which is authorized to accept such deposits upon such terms and conditions as may be prescribed by it, except that interest rates paid on the various classes of deposits shall be subject to the approval of the Secretary of the Treasury. The Federal Farm Mortgage Corporation is authorized to invest such deposits in such manner as is authorized by law in the case of other unobligated funds of the Corporation.

"INTEREST RATES ON LAND-BANK LOANS

"SEC. 13. (a) Section 13 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 781), is amended by adding at the end thereof the following new paragraph:

"'Seventeenth. In the case of any loan on mortgage made after the date of the enactment of the Agricultural Bank Note Act, and, in the case of loans made on or prior to such date, with respect to interest payments payable on installment dates occurring after such date, the rate of interest on so much of the unpaid balance of the loan as does not exceed $5,000 shall not exceed 2 percent per annum.'

"(b) The second sentence of section 7 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 723), is amended by inserting before the period at the end thereof a comma and the following: 'or, in the case of any such direct loan made after the date of the enactment of the Agricultural Bank Note Act, and, in the case of direct loans made on or prior to such date, with respect to interest payments payable on installment dates occurring after such date, one-half of 1 percent in excess of the rate provided in paragraph "seventeenth" of section 13 on so much of the unpaid balance of the loan as does not exceed $5,000.'

"(c) Paragraph 'twelfth' of section 12 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 771; Supp. I, title 12, sec. 771), is amended by inserting at the end thereof the following new paragraph:

"'The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after July 1, 1936, and after the end of each quarter thereafter, such amount as the Land Bank Commissioner finds is equal to the amount by which interest payments made to such bank, during the preceding quarter, are less, by reason of the rates of interest applicable under the provisions of paragraph "seventeenth" of section 13 and section 7 to unpaid balances, not in excess of $5,000, of mortgage loans, than interest payments would be without regard to such provisions; but in any case in which the Land Bank Commissioner finds that the amount of interest payable by such bank during any such quarter has been reduced by reason of loans and advances made to it by Federal intermediate-credit banks under section 202 (a) (3) of this act, as amended, there shall be deducted from the amount payable under this amendatory paragraph for such quarter the amount which the Commissioner finds is the difference between the amount which would have been payable for such quarter as interest on farm loan bonds of a face value equal to the amount of loans and advances on which such bank was obligated to Federal intermediate credit banks during such quarter under such section 202 (a) (3) and the amount of interest payable for such quarter on such loans and advances to such bank under section 202 (a) (3). There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to make the payments authorized by this amendatory paragraph.'

"INTEREST RATES ON COMMISSIONER LOANS

"SEC. 14. Section 32 of the Emergency Farm Mortgage Act of 1933, as amended (U. S. C., 1934 ed., title 12, sec. 1016; sup. I, title 12, sec. 1016), is amended by inserting at the end thereof the following new paragraph:

"'In the case of any first- or second-mortgage loan made under this section after the date of the enactment of the Agricultural Bank Note Act, and in the case of a loan made on or prior to such date, with respect to interest payments payable on installment dates occurring after such date, the rate of interest on so much of the unpaid balance of the loan as does not exceed $5,000 shall not exceed 2 percent per annum. Whenever a borrower obligated under a second-mortgage loan made under this section is also obligated under a first-mortgage loan made under this section, or under a first-mortgage loan made by a Federal land bank the interest rate on the unpaid balance, not in excess of $5,000, of which is determined under section 13 of the Agricultural Bank Note Act, the reduced interest rate provided in this paragraph shall apply to an amount of the unpaid balance of the second-mortgage loan equal to the amount by which the unpaid balance of such first-mortgage loan is less than $5,000, and this sentence shall apply regardless of the priority in the time of making such first- and second-mortgage loans.'"

Mr. BOILEAU (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. I would ask the gentleman from Texas if this is the bill known as H. R. 7593?

Mr. JONES. Yes. I do not care to have it read.

Mr. Chairman, I ask unanimous consent that further reading of the amendment may be dispensed with, but that it be printed in the RECORD at this point.

Mr. RANKIN. Mr. Chairman, reserving the right to object, very few of us know what the amendment is. We would like to hear it read. I object. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, I make the point of order that the amendment is not in order for the simple reason that it is an entirely different bill, changes the legislation entirely, has an entirely different meaning and an entirely different import.

Mr. JONES. Mr. Chairman, I desire to be heard on a point of order.

The CHAIRMAN. The Chair will state that very little of the amendment has been read.

Mr. RANKIN. I reserve the point of order, Mr. Chairman.

Mr. BOILEAU. Mr. Chairman, I make the point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. BOILEAU. Mr. Chairman, I make the point of order that the amendment is not germane to the bill or to this section of the bill, that it provides an entirely different method of refinancing farm-mortgage indebtedness, that it has no relationship to the bill under consideration, and is not a proper amendment to the bill or the section. I desire to be heard on the point of order.

The CHAIRMAN. The gentleman from Wisconsin makes the point of order that the amendment is not germane. The Chair has now read the amendment. The Chair will be glad to hear the gentleman from Wisconsin on the point of order.

Mr. BOILEAU. Mr. Chairman, I call the attention of the Chair to a ruling of a former Speaker of the House, Mr. Rainey, when the Emergency Farm Credit Act of 1933 was under consideration in this House.

That was on April 13, 1933. Mr. Rainey was in the chair, and, as I stated before, the House was considering the Emergency Farm Mortgage Act of 1933, which was a bill that provided for a very definite method of refinancing farm-mortgage indebtedness. The bill then under consideration was finally enacted into law and is now known as the Emergency Farm Mortgage Act, or the law which amended the Federal Land Bank System to authorize the loans which have been made to the farmers during the present administration.

At that time the gentleman from Texas [Mr. JONES] was in charge of the bill, being chairman of the Committee on Agriculture, the position he now occupies. At that time I offered the identical bill that we are now considering, the Frazier-Lemke bill, as a substitute to that bill. The bill then being considered provided a very definite means of refinancing farm-mortgage indebtedness. It occurred to me at that time, Mr. Chairman, that because of the fact we were considering the question of farm-mortgage refinancing it would be germane to offer as a substitute the so-called Frazier-Lemke bill, which was another bill providing for the refinancing of farm-mortgage indebtedness. I was very firmly convinced at that time that I was right. However, Mr. Chairman, the gentleman from Texas [Mr. JONES] made such a convincing argument at that time, when the situation was just the reverse of what it is now, that the Chairman of the Committee of the Whole and later on—when a motion to recommit was offered—Speaker Rainey ruled that, although both related to the question of refinancing farm mortgages, they provided separate, distinct, and entirely different methods and means of raising money, and different administrative features, and therefore that my amendment was not germane.

Mr. Chairman, I submit that the situation today is identical with the situation that existed at that time, except that now the positions of the gentleman from Texas and myself are reversed. May I call the attention of the Chair to the language of the ruling made by Speaker Rainey at that time? He said:

> The question presented has been passed upon two or three times and presents nothing new. The bill under consideration provides a method of farm relief, essentially by the issuance of bonds, to be marketed in the ordinary way. The Frazier bill, which is the subject of the motion to recommit, provides also for farm relief, also for bond issues, and, in addition to that, provides a method of meeting the bond issues by currency, printed and issued, clearly inflation, which may amount to as much as three and a half billion dollars. The two methods are as wide apart as the poles.

In making his decision he called attention to a ruling of the Chair in 1924 when the McNary-Haugen bill was up for consideration. It appeared that Mr. Rainey, before he became Speaker, offered an amendment to the McNary-Haugen bill, and thought because both dealt with farm relief—and I took the position that both dealt with farm relief—the amendment which he offered would be germane. In his ruling of April 13, 1933, he mentions the fact that in 1924 he was firmly convinced that his position was correct, but that, as a matter of fact, the precedents of the House were against him. When he ruled, as Speaker, on this point of order in April 1933, he followed the precedent established when a point of order was sustained against the amendment he offered in 1924.

He referred also to a decision made by the gentleman from Michigan [Mr. MAPES] in 1929 when he was Chairman of the Committee of the Whole and in which the gentleman from Michigan followed the same precedent. It is interesting to note the language of the gentleman from Michigan in his decision, a part of which reads as follows:

> However, it is not possible to offer a substitute for a bill which undertakes to give the same relief and yet departs entirely from the method of the bill under consideration.

As I previously stated, that is the language of the decision of the gentleman from Michigan, Mr. MAPES. Similar language appears in the decision of the gentleman from Texas, Mr. SANDERS, in 1924, and in the decision of Mr. Rainey in 1933. The situation today, I submit, Mr. Chairman, is identical.

In the Jones bill, which is offered here as a substitute, the Chair will notice that on page 5 there is a subtitle "Issuance of bank notes." On that page the bill reads:

> Upon application by any Federal intermediate-credit bank to the chairman of the committee in such form as may be prescribed by him, such bank may be authorized by him to issue notes under the provisions of this act—

And so forth. This gives the Federal intermediate-credit banks additional powers. The bill under consideration does not deal with the Federal intermediate-credit banks at all and does not utilize such banks in providing the relief sought to be given farmers under the Frazier-Lemke bill. The intermediate-credit bank system is not referred to in the legislation under consideration at all. Therefore the amendment offered by the gentleman from Texas, which relates to the Federal intermediate-credit banks, is absolutely foreign to the legislation under consideration and is not a germane amendment.

As in 1933, both provisions relate to bonds, that is true, but both of them do not relate to the intermediate-credit bank system. The Frazier-Lemke bill relates to the Federal Reserve System and the Farm Credit Administration, and provides for the issuance of Federal Reserve notes, and therefore, an amendment is not germane to this bill that attempts to finance farm-mortgage indebtedness through the Federal intermediate-banking system.

Mr. Chairman, in conclusion, I submit that the decision made in 1933 by Speaker Rainey, ruling that an amendment to substitute the Frazier-Lemke bill for the Emergency Farm Credit bill was not germane, is on all fours with the proposition before us today, that and the arguments which were sound then are sound today and should prevail. I am satisfied, now, of the soundness of the ruling of Speaker Rainey. I confess, as Speaker Rainey did, at that time, that the passing years have taught me that I was in error. I am willing to rest my argument on that decision. The gentleman from Texas [Mr. JONES] is bound today as I was in 1933. Mr. Chairman, I again submit that the amendment is not germane because it provides an entirely different method of refinancing the farm-mortgage indebtedness of this country, and the point of order should therefore be sustained. [Applause.]

Mr. JONES. Mr. Chairman, I think the decision which Speaker Rainey made is the correct one, and I would not undertake to offer a bill like the original Farm Credit Administration Act as an amendment or as a substitute for this particular bill, but you will notice from the reading of the citation the gentleman from Wisconsin [Mr. BOILEAU] has just made that the distinguishing features that the then Speaker referred to as the reason for holding it out of order was the fact that the original Farm Credit Act did not provide for the issuance of any currency or any money, but simply for ordering a sale of bonds in the regular way, and ran the bills parallel up to the point where one did not provide for the issuance of Treasury notes while the other one did. Now, the particular bill I have follows and parallels that same point; in other words, it is just a little different method of approach to the same problem—I think a better method—but it differs in detail only, and the differences mentioned by the gentleman from Wisconsin are differences of detail.

I provide in this measure practically that 30 percent of the profit on the gold transaction should be transferred on the books of the Treasury to the credit of the 12 intermediate-credit banks. This 30 percent amounts to about $840,000,000. That this, plus the agricultural paper, shall be the basis of intermediate credit notes which shall have all the status and bearing of Treasury notes to the amount of $2,000,000,000. There is a difference in amount, but it covers the exact point of distinction made by the former Speaker.

The two bills provide for refinancing of farm mortgages, they both provide for a reduction of interest rates, and they both provide an issue of currency in connection with refinancing of farm mortgages. It extends the same privileges to the 12 land banks through the intermediate-credit system that is now had by the 12 Federal Reserve banks, with proper limitations. They also provide for the handling of the refinancing by the Farm Credit Administration. They parallel each other in the main essentials and they differ only in detail. There would not be any point in offering an amendment if it did not differ somewhat in its details.

Mr. Chairman, there is not anything in this bill that departs from the purposes of the Frazier-Lemke bill. It is true that the benefits of the refinancing provided in the measure I offer inures to the benefit of all the farmers in the land-bank system instead of a part of them, but does that make it not germane? My measure provides for the issuance of notes with the exact limitations and provides the same privileges for the Federal land bank that are now held by the Federal Reserve bank.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MOTT. The gentleman states his bill is the same as the Frazier-Lemke bill?

Mr. JONES. The same purposes, refinancing at a lower rate of interest.

Mr. MOTT. It has been charged by opponents of the Frazier-Lemke bill that the bill is inflationary. The gentleman is one of the opponents of the Frazier-Lemke bill; is the gentleman admitting that his bill also is inflationary?

Mr. JONES. I do not admit that mine is inflationary, because I have avoided that by going exactly to the same methods and putting it on the same rock-bottom basis that is used for financing Treasury notes, to wit, 40 percent of gold and 60 percent of commercial paper. I take 40 percent of gold and 60 percent of farm paper, which makes it exactly the same basis of issue, with the same method of control. If one is sound, the other is sound. If the one for the Federal Reserve is noninflationary, then this is noninflationary. This is a carefully drawn measure, and I have had a great deal of help in drafting the mechanics of the bill. I think it is sound, I think it is fair; it inures to the benefit of all the farmers, and I regret exceedingly that the gentleman from Wisconsin has seen fit to make a point of order, but I insist there is a vast difference in holding the Frazier-Lemke bill out of order when offered as a substitute for the original Farm Credit Act and holding this amendment out of order as a substitute for the pending bill.

Mr. BOILEAU. Mr. Chairman, if the Chair will hear me further, I wish to call the attention of the Chair to one other distinguished authority, the opinion of a great parliamentarian. I want to refer to the CONGRESSIONAL RECORD of last Friday, in which the distinguished chairman of the Rules Committee of the House of Representatives, a man who is undoubtedly familiar with the rules of the House and the precedents and has served here a long time. In an extension of his remarks in the RECORD the gentleman from New York [Mr. O'CONNOR] states as follows, in referring to the Jones bill:

> H. R. 7593 is "a bill to facilitate the extension of agricultural credit at lower interest rates by providing for the issue of certain bank notes, and for other purposes." Again, unfortunately, however, this bill cannot be offered as an amendment to the Frazier-Lemke bill, because it is not germane and would be ruled out on a point of order, and it is well known that the proponents of the Frazier-Lemke bill will oppose any amendment offered to their measure.

[Applause.]

I submit, Mr. Chairman, that the opinion of the chairman of the Rules Committee should be given great weight and consideration, especially in view of the great interest he has taken in this legislation and also because of the great interest he has shown with reference to the parliamentary procedures to be followed in the consideration of this bill.

The CHAIRMAN (Mr. WOODRUM). The Chair is ready to rule.

The bill under consideration (H. R. 2066), known as the Frazier-Lemke bill, as stated in its title, is for the purpose of refinancing agricultural indebtedness at a reduced rate of interest, and so forth, through the medium of the Farm Credit Administration and the Federal Reserve Banking System.

To that, as a substitute, the gentleman from Texas [Mr. JONES] offers an amendment containing the provisions of the bill H. R. 7593, which has for its purpose to facilitate the extension of agricultural credit at a lower rate of interest, and so forth, through the medium of a committee known as the agricultural bank note committee.

The gentleman from Texas having notified the committee that he intended to offer his bill as a substitute, for which the Chair is grateful, the Chair has had an opportunity to examine the amendment and to give it some consideration in collaboration with the Parliamentarian of the House.

Of course, the point of order is directed to the amendment because it is alleged that it is not germane. The Chair will read very briefly from Cannon's Precedents, volume 8, section 2912, which states the fundamental principle of germaneness:

> The mere fact that an amendment proposes to attain the same end sought to be attained by the bill to which it is offered does not render it germane.

Again:

> To a bill designed to raise the price of agricultural products to a ratio consistent with the price of other commodities by the creation of a corporation authorized to deal in such products, an amendment proposing to accomplish the same results through a comprehensive system of cooperative marketing was held not to be germane.

The Chair is also familiar with the quotations from the rulings of Mr. Sanders, a very distinguished former Member of the House and Parliamentarian, which are found in the same volume in section 2912, which the Chair will not repeat. The gentleman from Wisconsin has read them.

Paradoxically as it may seem, the question arose between the two distinguished gentlemen who are now contending on opposite sides of the issue when the farm mortgage bill was before the committee for consideration on April 13, 1933. The gentleman from Wisconsin offered then the Frazier-Lemke bill as a substitute for that bill, and the distinguished and able gentleman from Texas [Mr. JONES] very vigorously and successfully presented a point of order and in apparently convincing logic addressed the Chair as follows:

> Mr. Speaker, in my judgment there can be no question that this motion is not germane to the measure before the House. True they both provide for refinancing of farm mortgages, but the Chair, of course, is familiar with the rule that in order to be germane all features of an amendment must be germane.

Again the gentleman said, speaking of his effort to make the amendment germane:

> The next year, I think it was, in an effort to get my proposition voted on, I took the pending bill, spent about 3 days writing all the provisions of the pending bill into the clocklike work of my bill in such a way that I thought the Chair would not be able to distinguish between them. I used the same sort of organization, the same officials, the same procedure, the same method of application, in an effort to bring the case within the rule.
>
> The Chair again ruled, on April 25, 1929, that a similar proposal to a similar bill was not germane.

Mr. Speaker Rainey then sustained the point of order made by the gentleman from Texas.

The Chair thinks, without entering into any extended ruling on the question, that the amendment offered by the gentleman from Texas, while it may seek to attain the same result, certainly does seek to attain it through an entirely different method, to wit, the creation of an entirely different and separate agency to administer, and also, as the gentleman admitted in his discussion of the point of order, brings

in an entirely separate and new class. The Chair, after such consideration as he has been able to give the matter, is constrained to sustain the point of order, and rules that the amendment is not germane.

Mr. LESINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LESINSKI: Page 1, strike out lines 3 and 4 and insert in lieu thereof the following: "That this act shall be known by the short title Farmers' and Home Owners' Relief Act. When used hereinafter, unless the context otherwise requires, the term 'farmer' and the term 'farmers' shall include an urban home owner, and the term 'farm' shall include urban home. The functions of making loans on urban homes shall be exercised by the Home Owners' Loan Corporation."

Mr. BOILEAU. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order.

Mr. LESINSKI. Mr. Chairman, I am one of the men who signed the Frazier-Lemke petition, but I also feel that the urban population of this country should have the same benefits as the farmers.

Mr. BOILEAU. Mr. Chairman——

Mr. LESINSKI. There are only 30 percent farmers in this country and we have over 70 percent of urban population and workingmen in the cities.

Mr. BOILEAU. Mr. Chairman, I dislike to do it while this parliamentary situation is involved, but I insist that the gentleman discuss the point of order.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. LESINSKI. I feel that the home owners and the urban population is entitled to the same consideration.

The Chair will say that the amendment brings in a different set of provisions not contemplated in the pending bill.

Mr. BOILEAU. Mr. Chairman, I wish to be heard on the point of order. I am sorry to disagree with my colleague from Michigan. For months we have been talking about an agreement which will take care of the home owners, and it is obvious that the bill is purely a farm bill referring to the Farm Credit Administration.

Mr. O'MALLEY rose.

The CHAIRMAN. For what purpose does the gentleman from Wisconsin rise?

Mr. O'MALLEY. I make the point of order that the gentleman is not speaking to the point of order. He is discussing the merits of his amendment. He is not discussing the germaneness of the amendment.

The CHAIRMAN. The Chair disagrees with the gentleman, and the gentleman will proceed.

Mr. O'CONNOR. Mr. Chairman, this bill is distinctly a farm-mortgage bill and does not provide for agencies to take care of the urban mortgages. While there are several amendments that would likely take care of that situation, we are satisfied that they are not germane to the bill.

The CHAIRMAN. The Chair thinks the amendment is not germane and sustains the point of order.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I want to say at the outset that I have the highest respect and friendship for the president of the American Federation of Labor, William Green. [Applause.]

I want to say also that at different times in the last few years, when I, as chairman of the Committee on Labor, have taken this floor and have advocated labor legislation, on each side of the aisle I have been accused, probably facetiously, of being controlled by Mr. Green, the president of the American Federation of Labor. I hope today, after voting in favor of this bill, which Mr. Green opposes in his letter to the Speaker of this House, that the membership of the House will understand thoroughly from now on, if they did not before, that no one controls me, and that I will continue to vote and speak today, as in the past, for what I believe are the best interests of the American people.

Mr. BOILEAU. Will the gentleman yield?

Mr. CONNERY. For a question.

Mr. BOILEAU. Is it not a fact that whenever Mr. Green wanted to communicate with the membership of the House with reference to some legislation he got in touch with the gentleman from Massachusetts as chairman of the Committee on Labor? But when it is in reference to farm legislation he gets in touch with somebody else?

Mr. CONNERY. Well, I prefer not to answer that question. I am going to vote for this bill because I believe and have believed for many years that we cannot have prosperity in this country until we have prosperity for the farmers. I do not believe that there can be prosperity for all of the people until we have prosperity for the farmers. Labor in my district, which is industrial, cannot get decent wages nor decent living conditions until the farmers can get a decent price for their products.

If the farmers cannot refinance their farm mortgages, they will have to leave their farms and walk into the city and each become another member of the 14,000,000 unemployed in the United States. [Applause.]

We have heard a lot of talk about inflation here, but we have heard very little talk on the floor of this House about the fact that if you have a bank in your home city the president of that bank can take $100,000 worth of Liberty bonds, bring them to the Federal Reserve System, and get $95,000 in cash, the same kind of cash with which we want to refinance the farms. He can get this cash from the Treasury of the United States for the mere cost of printing the notes, and in the meantime will draw 2½-percent interest from the Government on the bonds which he has put up and still retain the right to lend out the $95,000 in cash at 6, 7, 8, or 10 percent to borrowers. This kind of inflation is not inflation when it is for the benefit of the banks, but when we want to utilize it for the benefit of the farmers to save their farms we are all wrong. The farmers do not fit because they do not belong to the Federal Reserve ring. I am going to vote for this bill. [Applause.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, the gentleman from Texas [Mr. JONES], for whom we all have great admiration, and the others who were supporting his amendment, must realize now that this is a fight between the friends and opponents of farm relief.

This has developed into a battle to keep us from doing something for the farmer. Gentlemen criticized certain provisions of this bill. I am not altogether satisfied with it, and I have told you from the beginning that there were changes that should be made. You have the power now, if you are sincere in your alleged desire to do something for the farmer, to offer helpful amendments.

Amendments to correct this bill will be germane. Correct the bill, if there is anything wrong with it, but do not try to hide behind the proposition that there are some provisions in it you do not like, or that you think are unwise or unconstitutional, if you have not offered amendments to correct them.

The farmers of this country are in dire distress. I disagree with the gentleman from Texas on the foreclosures that are going on. The district which I have the honor to represent is the scene of many foreclosures today. The people are driven from their farms while their crops are in the fields and they are appealing to us for relief.

I am going to offer an amendment, on page 2, to reduce the limit of these loans to 80 percent. Some Members object to lending to the extent of 100 percent of the value of the farm. Well, we are stripping that camouflage out of your way. We are going to offer an amendment limiting the amount that can be loaned to 80 percent.

Others have criticized the bill because of the interest rates. Now is the time to show whether you are in earnest and want to do something for the farmers, or whether you are going to line up with the Liberty League and this self-appointed guardian of the farmers, this man Green, who had the impudence to send a letter in here and tell the Congress of the United States how to legislate for the farmers of this country.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield for a question?

Mr. RANKIN. Yes.

Mr. McFARLANE. I believe the membership of this House is entitled to know where Mr. Green and his committee gets

authority to express themselves as representing the A. F. of L. against the Frazier-Lemke bill. I think it is important that the Members of this House should know that Mr. Green and his executive committee had not taken any action on the Frazier-Lemke bill at 10:30 o'clock this morning.

Mr. RANKIN. No. I have voted for labor consistently for years, but I, for one, resent the impudence of this man Green in sending a letter to Congress to tell us how to vote on farm legislation. [Applause.]

[Here the gavel fell.]

Mr. SWEENEY. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, Mr. William Green, president of the American Federation of Labor, is a personal friend of mine. I served with him in the Ohio State Legislature. In my campaign for reelection he gave me a personal letter, reciting my labor record as a Member of Congress, that I read to the voters of my district, which assisted in my nomination yesterday at the Ohio primary election. I made my campaign, and I won by a 2-to-1 vote over my machine-endorsed opponent yesterday in Ohio [applause] on the Frazier-Lemke bill and other forms of social legislation.

I have not got a cow in my district, I have not got a farm in my district, but I recognize that the farmer is entitled to social justice just the same as is the laborer in the city. They are interdependent upon each other. [Applause.] With full knowledge of my support of the Frazier-Lemke bill, organized labor supported me.

Great groups of voters are organizing now that have their grass roots in the people and not in Wall Street. They are determined to drive the money changers from the temple and are demonstrating their strength at the polls, and let me say to my colleagues on the majority side of the House do not give me the argument that I cannot get the support of my county Democratic organization if I vote for a liberal measure that is sponsored by a Republican. What an asinine argument that is! I would not care if it was sponsored by the most reactionary Republican, if that could be possible; but this measure is sponsored by a progressive Republican, a Roosevelt Republican, by WILLIAM LEMKE, except for whom Mr. Roosevelt could not have been elected President. It took more than Democratic votes to elect Franklin D. Roosevelt. The influence of WILLIAM LEMKE and the farmers of this Nation helped to elect Franklin D. Roosevelt.

Nor do I subscribe to the argument that this measure is highly inflationary. The red herring of inflation is drawn across the trail. By whom? Not by the laboring class, the small mechant, or the farmers, but by the investment bankers and the international bankers, the holders of large blocks of tax-exempt interest-bearing bonds issued by our Government. The people are going to decide the issue of whether or not this is a Government of, for, and by the people or whether it is a Government of the people, by the people, for the private-owned banking system. This is the most highly controversial measure before the American Congress, and one that will have a tremendous effect in the coming Presidential election. I trust the majority party will see the wisdom of passing a bill designed to assist a distressed farm population of 30,000,000 human beings, many of whom are now the victims of the cruel process of foreclosure with others to follow. An amendment will be offered, I think, to permit a percentage of the gold reserve now idle in the Treasury vaults to back this measure so the controls will not be lost; and to prevent so-called wild inflation of the currency I am saying to you now that the action this House takes today will reflect itself in the November 1936 election. The statement has been made that if the President should veto this bill if it passes, he would lose 5,000,000 votes. I do not think he would veto it. If it passes and he signs the bill, he will receive 10,000,000 or 15,000,000 votes of those who will bless his memory. The issue will be decided by the people, not by the privileged classes.

Mr. Chairman, I am going to support this bill.

Mr. CONNERY. Mr. Chairman, if the gentleman will yield, if the President signs this bill, he will gain 15,000,000 votes.

Mr. SWEENEY. Yes; that is right. The President has never stated he was opposed to this bill; on the contrary, he is reported to have said at Sioux City, Iowa, before the Chicago convention of the Democratic Party in 1932, that he was for the principle of the Frazier-Lemke bill to aid the farmers in distress to refinance their farm mortgages.

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the amendment.

With the ringing oratory of the gentleman from Massachusetts [Mr. CONNERY] still in our ears, this is perhaps as good a time as any to emphasize once more the heart of the objections to this bill, and that is the currency-issue provision. We have heard the gentleman from Massachusetts reiterate the familiar—perhaps I should not use the word "claptrap", but say instead—statement that the bankers get bonds from the Government which they buy but do not pay for; that they in turn pledge the bonds, and then currency is issued against the bonds; the conclusion being that if the bankers can do that, why not let others do it as well.

Mr. Chairman, we are again mixing the problem of who should do the banking of the country with the problem of the issuance of additional currency. Whether you believe in a private banking system or in a banking system entirely under the control of the Government is not the issue before us today. That is a separate issue on which there are arguments on both sides. Even if the Government was in control of the banking system it would still be proper for the Government to issue currency only for the needs of industry, trade, and agriculture as those needs might rise, and it would be most improper for the Government to issue fiat currency; just as improper as when the banking system of the country is conducted privately as it is today under Government supervision.

As a matter of fact, all of this talk about the use of bonds to back Federal Reserve notes is beside the point. A very, very small percentage of the Federal Reserve notes today are backed by bonds because of the fact there is more than an adequate supply of gold certificates owned by the banks and held in the Federal Reserve banks, which in turn represents a certain amount of gold earmarked in the Treasury of the United States, and which these gold certificates are held against. The great majority of the Federal notes are secured by gold certificates and not secured by bonds. There is no incentive or advantage to a banker to be able to take those bonds and get currency because a bank does not want currency except insofar as its customers may need currency from day to day in their ordinary business. The privilege of putting out currency is not one which is particularly desired by the banks. It is one which is, however, innate in any banking system, whether it be private or Government conducted. In considering this bill, and in considering the dangers of diluting the currency and forcing the issuing of additional amounts of it, please do not mix that problem with the problem of whether or not we should have a private or Government conducted banking system, because the two problems are not the same.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, during consideration of the Guffey bill in the Seventy-third Congress I called attention to the growing division in the House between Representatives from the agricultural States and the industrial States and to the growing tendency of the Representatives of one group to oppose legislation in favor of the other group. I was prompted to make that statement by reason of the fact that a very brilliant Member of the House, one of the leaders on this side of the aisle, from an industrial State, rose in his place and not only declared but boasted that he had not voted for a single farm measure under this administration.

Mr. Chairman, at the same time leaders of the farm group on that side of the aisle were not only opposing the Guffey bill but they were practically as much in opposition to the National Industrial Recovery Act as the National Association of Manufacturers. I commended this situation to the consideration of Members on both sides of the House who were harboring hopes of the foundation of a Farmer-Labor

Party in this country. I could well afford to do that, Mr. Chairman, because my record is 100 percent for every measure that aids both agriculture and industry under the Roosevelt administration. [Applause.]

This morning an incident occurred which disturbs me deeply. I refer to the letter read by the Speaker of the House in the last moments of general debate. This letter was written by the president of the American Federation of Labor, and called on all friends of labor to oppose this bill. That is the first intimation as to any opposition on the part of organized labor I have heard during the 3 years the bill has been pending in the House.

Mr. Chairman, I was born in the ranks of labor. I have been a member of organized labor for 45 years, and I am proud of it. I have lost jobs in strikes for labor; I have gone to jail for labor; I was tried in the Federal courts of this country for labor, years and years before I ever heard of the president of the American Federation of Labor. [Applause.]

Now, Mr. Chairman, I am on the spot, notwithstanding an unblemished labor record that reaches back to the time when I worked on a section for $1.10 a day with a shovel. I am about to have a black mark placed against my record down in the American Federation of Labor headquarters if I vote for this bill.

Mr. McFARLANE. Will the gentleman yield? The basis for the letter which the Speaker read cannot be backed up by proceedings of the American Federation of Labor of 1934, the last time this organization has spoken on the question, at which time this organization stated that they are opposed to uncontrolled inflation. They made no reference to this act, which was then pending before Congress. The provisions of this act clearly show it is not uncontrolled inflation, so it seems Mr. Green and his associates speak only for themselves.

Mr. MARTIN of Colorado. I fear there will be repercussions from this letter far beyond the scope of this bill. I fear there will be a tendency to still further divide labor and agriculture in this country and line up the one against the other, and neither group can succeed alone.

I may say to my able young friend from Texas that I have a very high regard for the American Federation of Labor. I have read its platforms for years and have always found them progressive and constructive. I will be surprised if the reactions of the rank and file to this letter are altogether favorable.

Mr. Chairman, the handling of this bill has been unfortunate. It was assumed that it would never reach this stage, and as a consequence it did not receive the consideration in committee which would have doubtless resulted in improvement. Now, it has been petitioned out as originally introduced. No bill can receive proper consideration and amendment in the House; we all know that. It must be the work of the committee. But now it is take it or leave it as is, a bill that embodies a good principle and has perhaps the largest endorsement ever given a farm measure in Congress. Both branches of the legislature in my State unanimously memorialized Congress to pass this bill. My vote is pledged to it and will be cast for it.

Mr. Chairman, it is unfortunate that party politics has been injected into this debate and emphasis given to the fact that it is sponsored by a so-called Republican.

I apprehend the Republican Party would be glad to trade the gentleman from South Dakota [Mr. LEMKE] and his type of Republicans for Liberty League Democrats. We Democrats of the West cannot afford to countenance this line of attack. We know that time and again transfusions of progressive Republican blood have revitalized the Democratic Party in the West. It made the West Democratic for 12 years under the leadership of Bryan. It reelected Woodrow Wilson. It gave the West to Franklin D. Roosevelt. In my home State it has given us such Democratic leaders as Senator Henry M. Teller, Senator John F. Shafroth, Senator Edward P. Costigan, our beloved colleague, Edward T. Taylor, former progressive Republicans who found a home in the Democratic Party and were welcomed with open arms; also Governors and Representatives in Congress.

It is the same story in other Western States. The West is first of all progressive. It has given the country much of its progressive leadership—LA FOLLETTE, BORAH, NORRIS, JOHNSON. These are western names, so-called Republicans, but, in principle, Democrats. Their work is not yet done, nor the work of the West. The West gave us a political party to save the Nation, and it again needs saving.

Many objections are urged against the bill: That the amortization period is too long, that the interest is too low, that it would discriminate against outstanding farm mortgages with higher interest rates, that it does not include home owners, that it will lead to similar demands from other groups, that it will destroy the value of life insurance, and so forth; but all these objections rolled into one do not compare with that of inflation.

All the horrible examples of history, ancient and modern, have again been brought out and paraded before us. We have again heard of the stratospheric flight and collapse of the German mark after the war, by means of which a prostrate nation, with no gold, inflated its paper into the trillions for the express purpose of destroying its domestic debt. We have heard again of the French inflation and the devaluation of the franc, whereby France charged off most of its domestic debt. We have heard again of the greenback of the Civil War—the rag baby that won the Civil War—and which could not be depressed below 40 cents on the dollar, even though it had printed on its face repudiation by its own Government. We have heard of the John Law bubble in France 200 years ago. We have been made to hear the midnight clatter of the printing press down in the Bureau of Engraving.

Mr. Chairman, I cannot hear the clatter of the printing press in this bill. The money to be issued under this bill is backed by what ought to be the most valuable security in existence—the land. This money will be a first mortgage on the land, and it will be real land right under foot, and not the imaginary land of John Law, located on another continent. Its issue and application will be in the hands of the Federal Government. It will be a slow process. If any Member thinks we are in danger of a monetary blizzard in the refinancing of farms, it indicates that he has had no experience in helping mortgaged farmers under the present system. I think we may safely leave it to the Federal Reserve System and Federal land banks to see to it that no monetary flood will deluge the land. We may also rely to some extent on a monetary and banking system under which this money will be reabsorbed in the banks nearly as fast as it issues. Instead of more money in the hands of the people we are likely to have more money in the banks. I apprehend, though, that the inflation bogey may again serve its purpose and scare the country out of an attempt to try something besides tax-exempt bonds to put new life into our economic system.

Mr. Chairman, one more thought. This bill is addressed to the solution of an ominous problem. It may be stated in two lines. One-half the farmers in this country are tenants and the number is steadily growing. The farms of this country are mortgaged for $9,000,000,000 and the debt can never be paid under present conditions and methods. We have heard a lot about the redistribution of wealth. Unless we want to have on our hands the issue of a redistribution of land, we must reverse this tenant and debt process. This bill is intended to do that.

Mr. CURLEY. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I have the highest regard and respect, as well as love, for our distinguished Speaker, the gentleman from Tennessee [Mr. BYRNS]. I also have 100-percent loyalty to him as a member of the Democratic majority of this House. I also have the same sort of respect and regard for the majority leader of the House and for the distinguished chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES], who so ably presented his case here today.

With respect to the bill, I am reminded of the story told of that famous French philosopher and statesman, Voltaire, who, in his dying days, during one of his sicknesses, said to his physician:

> You are trying to convey drugs about which you know little, into a body about which you know less, to cure a disease about which you know nothing at all.

[Laughter and applause.]

This bill proposes issuance of new currency up to $3,000,000,000 at 1½-percent interest for use as a revolving fund to refinance eight and a half billions of dollars in farm mortgages at a cost of 1½ percent for retirement of principal.

The move to push this bill down the throats of this body appears suspiciously to me as an attempt to not only embarrass the President but to "put him on the spot" at a time when, as the great physician whose remedies are fast bringing about the recovery of a very ill patient—a broken-down prosperity—he is about achieving the goal he set, the full recovery and happiness of the country.

Although a new Member of this distinguished House of Representatives, Mr. Chairman, and one who was elected on the Roosevelt New Deal platform, I feel honor-bound, under such circumstances, to carry out to the best of my ability the humane public policies inaugurated by President Roosevelt through his sane common-sense administration of our National Government for the benefit of all the people and not any class or group of our economic family.

Then, this bill, if it becomes a law, it has been said by many experts that it would ruin the large army of our small insurance policyholders. I wonder if the sponsors of this legislation have given this feature any serious thought. Many substantial business people in my district deem this class legislation. If that opinion is correct, then it is unsound, and if adopted will meet the fate of its half brother in the St. Paul Federal court of appeals decision. If this legislation is just and meritorious, as sponsors believe it to be, I am compelled to think of the unfortunate plight of the owners of equities in the poorer classes of tenements in the cities throughout the country, most of whom are shackled hand and foot by the mortgages to the extent of $21,000,000,000. If we are going to refinance the eight and a half billion farm mortgages, then in all fairness take in the urban cripples as well.

There is and there should be a bond of sympathy and brotherhood between the farmer and city dweller. Industry and agriculture are vitally essential to the life of the human structure affecting 130,000,000 people in this country. Our great President has had that picture within range of his vision every day of his public life and in his dreams every night as well. The plight of the forgotten man is constantly before him with his problems for solution. But let me point out to you that there is another important group of our great American Nation occupying a great deal of his attention just now that were the first to be flattened on its back and kept there ever since in a strait jacket to this very day. It represents the 4,000,000 craftsmen of the building industry and its affiliated businesses. And these 4,000,000 or more, when employed, supplied the flow of the bloodstream—the purchasing power for consumers of the farmers' commodities. Ladies and gentlemen, there is where your trouble lies. Legislate to give a financial blood transfusion to the paralyzed building-trades industry and you will have your remedy. If, as, and when you strengthen that backbone of our human structure, you will have planted the germ from which prosperity must come, not only for the farmer and the 40,000,000 members of the families of our citizens in distress but for the whole population in America. If you do that, you will not need any Frazier-Lemke bill, because it will not be necessary.

That great man, our peerless leader, President Roosevelt, is possessed of deep affection for the farmer. As a matter of fact, he has done more for the farmer than any of his predecessors have done. He is now making heroic efforts to lighten still more their existing burdens under the most trying conditions. Why should a convalescing body politic be subjected to an untried remedy when unnecessary? But if you are going to insist on the policy "everybody for himself", then every element in our economic structure should be incorporated into any scheme for relief. If you are going to subsidize the farmers, then, in the name of fair play and justice, do the same thing for our vast army of urban equity owners in the cities, thereby guaranteeing to them their constitutional rights of equal opportunity to all with special privileges to none.

Under section 7 of this proposed act, in the event the proposed bonds to be issued are not readily purchased, the Federal Reserve notes—greenbacks—shall be issued and delivered to the Land Bank Commissioner. Remember, my colleagues, the tragedy of 1929, when billions and billions of gilt-edged securities that had been sold to the innocent investing American citizens throughout the country, including these very same farmers, as well as widows and hundreds of thousands of others throughout the country, who gave up their life savings when these inflated security bubbles burst, bringing disaster and unspeakable shock to a stunned public. Do you want another dose of that kind of inflation? Our answer is, No; we do not. We must help those in need, but by reason and common sense, not magical formulas. [Applause.]

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I knew that quite a number of distinguished gentlemen in this House were opposed to this bill. I also learned today that the Speaker is opposed to the bill. I also learned that Mr. Green is opposed to the bill; but never did I realize that Mr. Voltaire is opposed to this bill. [Laughter.]

Mr. Voltaire's opposition is characteristic of the other reasons advanced against the bill. However, Mr. Chairman, despite the philosophers, the statesmen, and the labor leaders who have taken their position against this bill, in my own humble way I shall do my best toward its enactment. I think I have established one fact since I have been here, and that is that I have always been diligent and very zealous in the protection of the rights of labor.

I have followed Mr. Green on matters of labor legislation when I felt that his position was in the best interests of the American workers; but when Mr. Green attempts to throw the weight of the organized workers of America on the side of the Liberty League and the Economy League and other reactionaries who are opposed to this bill, then I refuse to follow Mr. Green's leadership and shall vote my conscience on this bill. [Applause.]

I have no farmers in my district. I have nothing to gain politically by supporting this bill. When I signed the petition for the discharge of the Rules Committee, I made up my mind to support this bill, because I realized that in America there is an economic unity between farmer and laborer and that today this economic unity is becoming more strongly welded than ever before.

I also realized that the workers in my district cannot live while we have an impoverished American farmer. The economic welfare of one is dependent on the economic welfare of the other.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. MAY. I understood the gentleman to say that he had chosen not to follow Mr. Green and to follow his conscience, although he had been following Mr. Green. Does the gentleman mean to say that heretofore he has been following Mr. Green rather than his conscience? [Laughter.]

Mr. MARCANTONIO. The gentleman's question is obviously silly. I stated that I had been following Mr. Green on matters of labor legislation insofar as I thought he was right. That by no means implies that I have followed or will follow him when he takes a position which is inconsistent with the best interests of labor. What I should like to know from the gentleman is whether his opposition to this bill is influenced by Mr. Green's opposition to this bill or whether his opposition to this bill is influenced by the National Economy League or the American Liberty League. Since when has the gentleman decided to become a friend of labor?

Mr. MAY. Is that question put to me?

Mr. MARCANTONIO. Yes; and I will leave it up to the gentleman to answer it.

Mr. MAY. I will answer the question by saying that I have too much common sense and to much experience to vote for this kind of dangerous legislation. [Laughter.]

Mr. MARCANTONIO. Well, the gentleman has not given any reason except his common sense, and I submit that that is not enough, because, I am sorry to state, that the exercise of the gentleman's common sense should not be accepted as a good reason for voting against the bill. [Applause.]

Mr. Chairman, it is most unfortunate that Mr. Green has taken this position. He has dealt a most serious blow not only to the farmers but also to labor. He has retarded the much-needed alliance between farmer and labor. This result is most injurious to American labor. With 270,000 farms about to be foreclosed, organized labor cannot stand by and permit these farms to be sacrificed because of any artificial excuses. Nobody has yet been able to prove any inflationary danger in this bill. Nobody has established that. Nobody as yet has shown wherein this law is going to hurt labor. All that has been furnished have been generalities. This bill will in nowise hurt the American worker. It will aid the American worker. I repeat, a prosperous agriculture means a prosperous American working class. [Applause.]

[Here the gavel fell.]

Mr. O'MALLEY. Mr. Chairman, I rise in opposition to the pro-forma amendment and ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'MALLEY. Mr. Chairman, I saw come into this House today something that I had hoped would never come here, because if it comes here and stays here it threatens the safety of the Republic.

When labor and the farmer can be tricked into fighting each other, then the money changers can sit back and accomplish their designs without hindrance and without check, something that they have been unable to do in this country since its founding. I thought we had once and for all learned enough of the tricks of the money changers and international bankers not to let them poison us with the prejudicial and false notion that if labor helped the farmer it would cost labor something, and if the farmer helped labor it would cost the farmer something. No one can prosper in the cities of this country unless the farmers can make enough money, after they have paid the interest and principal charges on all their indebtedness, to have some purchasing power left. I come from a city district, and by the smallest application of logic I know that the workers of the factories of my city have no market for their products and their skill unless the farmers' purchasing power is restored.

I was not only astonished, but I was depressed, to hear the Speaker of this, the greatest legislative body in the world, read in the Well of this House today a letter from the president of the American Federation of Labor stating that the president of that great labor organization was asking the friends of labor in this House to defeat a measure so needed by and so beneficial to the agricultural interests of our country. I was surprised that in that letter the great American Federation of Labor should set down for public record the statement that that organization had helped pass the processing-tax acts that have since been rightfully rejected by the Supreme Court of this country.

One of the features of my own personal record in Congress of which I am most proud is the fact that I have consistently opposed and voted against that false and atheistic philosophy that believes that destruction of foodstuffs and other crops is the way to economic welfare. There is only one thing I have gathered from a scholastic study of economics, but that thing I cling to and that is the principle that only production produces wealth and that only from production can the people enjoy the benefits of decent living.

I am surprised that any organization founded, supported, and made powerful by the wages of the workers of the cities should boast of the fact that it had helped make possible the passage of a bill in which a processing-tax feature reached into the pockets and the meager pay envelopes of every wage earner who toils in America for hard-earned money to transfer that money to the toilers on the farm.

I have never believed that it was either fair, just, or honest to compel, as we have done by all previous farm legislation, the poor of the cities to help out the poor of the farm, instead of assessing the cost of recovery where it belongs, against the money changers and the rich that have today control and landlordship of most of the fertile lands that once belonged to a free and independent people. I should be ashamed to ever want it recorded by any organization to which I might belong that my organization was a party to the passage of legislation that destroyed meat, milk, and foodstuffs sorely needed by the toilers of my city, whose children today, even as we debate this bill, are hungry and insufficiently clothed because of such destruction and because of such a totally un-Christian and un-American theory of agricultural restoration.

I have always been a friend of labor. as my record shows. I come from a family and a class that has earned its way by honest toil. I am proud of that fact; too proud of it to ever vote to deny the benefits of equal government to any group in this Nation who honestly toil for their daily bread. If my recollection serves me correctly, the Wisconsin State Federation of Labor went on record in favor of this legislation. Today, however, at the last moment, in secrecy and by surprise, an expression is recorded in this House that would have you believe that the rank and file of labor is against this measure. In my State a Farmer-Labor federation has sought to politically capitalize the common needs of agriculture and labor for common gains. I wonder what they now can say in their councils to this unfortunate attempt to pit labor against the farmer and farmer against laborer. I will have no part of it myself and shall vote for this measure because it is a pure and simple measure of justice to the farmer; will not in any way cost labor one single penny in increased prices for the products of the farm, as did the processing taxes and the agricultural adjustment bill—that we learn today who it was who helped pass these penalizing acts.

If it is to be a blot against my record, which has always been on the side of labor, and which will always be on the side of labor when labor seeks justice, that a vote for justice to the American farmer is a vote against labor, then that blot will shine brighter than all the rest of my record. I know the rank and file of labor in my city and my State. I know that they have achieved an intelligence that goes far beyond the opinions of some who sneer at their understanding and alertness. I know that they see behind, beyond, below, and back of many things special privilege would have them believe. They know that their interest and the farmers' interest must be always joined to bring about success in the age-long struggle with entrenched greed and special privilege.

Without lower interest rates, without the ability to reduce his mortgage debt within a reasonable period of time, all the processing taxes that can be devised by the professors of all the universities of the country cannot put the farmer on his feet again. Without the opportunity to discharge his indebtedness upon the same terms and with the same privileges and machinery that the banker and stockbroker and grain trader is allowed under present law, you can pay the farmer of my State $2 a hundred for milk, a price he has never dreamed of, and he will still be unable to bail out of his indebtedness in a lifetime. I want the farmer a prosperous, free, and independent landlord of his own land, just as I want the laborer a prosperous and independent landlord of his own skill and toil; and I am proud today, when the vote comes, to be able for the first time in 3½ years to cast my vote on the side of the debtor instead of on the side of the creditor. The greatest credit that can be given a group of legislators is due the steering committee of this bill and to my colleague the gentleman from North Dakota for doing the most important thing that can be done in a session preceding an election, and that is to bring about a record vote

on whether or not this Congress shall legislate for the debtors of this country who have had the chains of debt fastened to them tighter with each piece of legislation we have passed to date. Perhaps the only thing wrong with this bill is that it came from the Members of Congress of the United States instead of a council of "brain trusters" gathered together in a locked room and that it was prepared through free and open debate and not under the whiplash of machine politics. This is the first farm-relief bill I have had the opportunity to vote on that has come into these Halls in the way that legislation should come before a representative body of a free people, and, were there no other reasons to commend it, that novelty alone would compel me to favor it.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word. I wish to make a very few brief observations. It is interesting to have so many from the other side of the House walk over to this side and try to make out that this is our responsibility. With a majority of three to one, you must accept the responsibility, whatever the outcome of the vote may be.

The gentleman from North Dakota may have voted for Roosevelt, but I doubt it. We are told he is a Roosevelt Republican. I should be glad if he would rise in his place and state if he is in fact a Roosevelt Republican.

Mr. LEMKE. I am not a Hoover Republican. [Laughter.]

Mr. GIFFORD. Mr. Chairman, I want to say that I think the country will know which party is to take the responsibility. Many things have been said today that ought to benefit the Republican Party. We welcome such statements, inasmuch as it is your huge Democratic majority that will decide the fate of this bill.

But what worries me—although I am against this bill, of course—is that if I am allowed to come back next year, we shall be obliged to vote for a $3,000,000,000 for urban mortgages. It would be unthinkable, if you pass this legislation, that we should not extend the same privileges to all. In the end it would mean many millions to be provided in the same manner.

The gentleman from Ohio [Mr. HOLLISTER] has answered fully the argument that the Federal Reserve banks may draw 2½-percent interest on bonds, then receive currency at a very low charge and reloan. If it is so profitable, why have not they done it? They have used this privilege only to meet currency necessities. Why hide behind that in trying to get this three billions and the other billions that must follow? Do not let the public think we are too blind not to realize fully that this is the beginning of dangerous inflation.

There is a new influence in evidence here today. Even the defenders of labor are not following Mr. Green today. There is no lack of suspicion in some of our minds that if this bill should pass, some radio priest might exclaim, "See the scalps dangling at my belt. See the results I have accomplished over the radio during the past several weeks. I have got those fellows frightened now." How we have enjoyed, and been persuaded by, that voice which we hear so many Sundays cursing Republicans and Democrats alike. We cannot help but feel there must have been influence from somewhere that even the voice of labor is unheeded by its customary followers.

Mr. SWEENEY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. No. The gentleman can take all the time he wants to praise the man who today seems to have such a great influence over the House. No doubt he believes that both great parties will be annihilated by this new reformer, wearing the self-styled cloak of social justice and breathing forth inflammatory economic nonsense, as it was recently characterized by the president of Yale University. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN of Pennsylvania. Mr. Chairman, I am one of 21 members of the Committee on Labor of the House of Representatives. I do not know of any member of the Committee on Labor who received any information from Mr. Green or any other person affiliated with organized labor who said they were opposed to the Frazier-Lemke bill. It seems to me if the American Federation of Labor was under the impression that this constructive and humanitarian piece of legislation would be injurious to the laboring people of our country, Mr. Green and other people affiliated with organized labor would have communicated with the gentleman from Massachusetts [Mr. CONNERY], chairman of the House Labor Committee, and other members of the committee. [Applause.]

Mr. Chairman, I am going to vote for this bill because I believe it is going to save many farms of the unfortunate farmers. If I were convinced that by voting for this legislation I would be defeated next November, I would vote for it a hundred times. That is how I feel about this measure.

Many Congressmen said they are opposed to this bill because it is inflationary. I have respect for every man's honest opinion. However, I desire to say if our President would have informed the Members of this House that he favored the bill, many of the Representatives who are going to vote against it would undoubtedly support it.

I am convinced beyond a doubt that if this bill is enacted into law, the laboring men who live in my district—and I represent one of the largest industrial districts in the world—would be benefited; in fact, the laboring men throughout the country would be benefited. If the farmer cannot survive, the men who work in our industries will also suffer tremendously. One depends upon the other for their livelihood.

In conclusion I wish to state the reason there is so much opposition to this bill is that if it is enacted into law it will be one step closer in giving the right to Congress to coin and regulate the value of money, and this right rightly belongs to Congress and not to the international bankers, who are responsible for a great deal of the human misery which now exists in our country. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 2. That the Government now perform its solemn promise and duty and place American agriculture on a basis of equality with other industries by providing an adequate system of credit, through which farm indebtedness and farm mortgages now existing may be liquidated and refinanced through real-estate mortgages on the amortization plan, at 1½ percent interest and 1½ percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3 percent interest per annum through the use of the machinery of the Farm Credit Administration and the Federal Reserve Banking System.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: On page 2, line 4, beginning with the word "and", strike out all down to and including the word "annum", in line 6.

Mr. LEMKE. Mr. Chairman, the purpose of that amendment is to take out of this bill any loan on livestock. It simply limits the bill to agricultural loans, and so takes livestock loans out of the bill. I feel there can be no objection to taking that part out of the bill, and therefore there should be no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were ayes 68 and noes 84.

Mr. BOILEAU. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. LEMKE and Mr. JONES to act as tellers.

The committee again divided, and the tellers reported there were ayes 120 and noes 118.

So the amendment was agreed to.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 2, line 3, after the word "at", strike out "1½" and insert "2¾."

Mr. FISH. Mr. Chairman, judging from the vote just had on the last amendment, it is evident that my amendment will not be passed. It is quite evident to me that the amendment cannot be passed. As a Member of this House, I am sorry to see the spectacle we just witnessed a few moments ago, when many Members of the House refused to try to perfect legislation which has come before them for the first time, and refused to vote for a sound perfecting amendment offered by the sponsor of the bill, in order to defeat it, and for no other purpose. I do not expect to vote for the bill, but I am going to vote for every perfecting amendment that is offered that will improve the bill, because that is my duty as a Member of Congress.

The only function we have in the Congress is to legislate, to try to write legislation and to try to perfect it instead of being rubber stamps and having legislation jammed down our throats. We just saw a deliberate attempt by the opponents of the bill to evade perfecting this farm-mortgage refinancing bill which makes a travesty and mockery of the House of Representatives as a deliberative body.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I am sorry; my time is too short. I have said all I want to say on that subject.

I have not arisen, either, to uphold or defend Mr. William Green, president of the American Federation of Labor, as no defense is necessary. I am 100 percent with him on what he says against inflation in order to properly safeguard the interests and welfare of 45,000,000 American wage earners. That is the group he is speaking for, also the 125,000,000 consumers; and no one has the right to criticize him for defending and protecting the rights and interests of labor against ruinous inflation. But as long as our old friend, Voltaire, the French philosopher, has been brought into Congress and interjected into the debate, I am reminded of what he said, not about this bill but about all bills. He said:

I do not agree with a word you say, but I will defend to the death your right to say it.

[Applause.]

That is the position I take about Mr. Green, and I happen to agree with what he said.

The purpose of my amendment raising the interest rate to 2¾ percent is to obviate the inflationary machinery set up in this bill. I want to be fair to the sponsors of the bill without using words which may hurt someone's feelings. I think this whole bill, so far as inflation is concerned, is utterly deceptive and amounts to an inflationary smoke screen that approximates a fraud. Every man and woman in this House knows that you cannot float any bonds at 1½-percent interest at anytime or anywhere in the United States. I communicated with the Treasury Department this morning and found that the lowest rate of interest on any of their long-term bonds is 2¾ percent. Those were the bonds that were issued last September, and another billion or more of similar bonds were issued last month at 2¾-percent interest.

I want to see the farmers get the very lowest possible interest rate, but I do not want to see it come about through uncontrolled inflation. For that reason I have offered this amendment raising the interest rate to 2¾ percent so it can be handled by a bond issue, as we have all other appropriations, and enable us to sell those bonds to the people and get the lowest possible rate for the farmers of this country. If we refinanced the farm mortgages at 2¾ percent it would be a great help to the farmers in saving their farms instead of having this bill defeated because of the inflationary provision and the farmers get nothing at all.

[Here the gavel fell.]

Mr. McFARLANE. Mr. Chairman, I do not believe many are surprised at the gentleman from New York's [Mr. FISH] amendment. He signed the discharge petition; however, his remarks indicate he will vote against the bill even should his high-interest-rate amendment be adopted. I believe he, like many other Members, is trying to run with the hare and hunt with the hounds, so to speak. You will recall, he had the same trouble in voting on the adjusted service certificate question. He, like many other Republicans, wanted to pay the adjusted-service certificates out of what was supposed to be unexpended public-relief balances. We do, however, appreciate the fairness of the statement he just made regarding the debate and fairness to those favoring this legislation to have the right to offer perfecting amendments to the bill.

It is to be regretted that some of our leaders have taken the attitude from the beginning here that they are going to kill this bill any way they can and they are not going to permit recognized needed amendments to the bill to be placed upon same. The last teller vote on the section to strike from the bill the section permitting personal property to be used as collateral was agreed to by friends of the bill, yet the House leaders, even though they favor the amendment, voted against it, evidently having in mind that with this section left in the bill it would have less chance of passage. You will, nevertheless, go back home and look your farmers in the face and say: "Oh, I could not stand this provision or that provision", and you know that we cannot get a record vote on these different amendments. So you go and hide behind that smoke screen. [Applause.]

THIRTY CENTS PER THOUSAND TO THE BANKER—THIS AMENDMENT REQUIRES 78 TIMES THAT AMOUNT FOR THE FARMER

Now, let us be fair about this thing. The gentleman from New York has offered an amendment raising the interest rate to 2¾ percent. I am surprised we have not heard the gentleman from New York cry out in anguish and shed great tears of grief when we have passed the different amendments to the Federal Reserve Act allowing the Federal Reserve bank to print money and give it to its member banks at actual cost of printing. This has been the law of the country since the creation of the Federal Reserve System in 1913. Chapter 3 of title 12, United States Code, Annotated, paragraph 422, in part reads:

That nothing in this section contained shall be construed as exempting national banks or Federal Reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

According to a letter I have here from the Federal Reserve Board this money is costing member banks about 30 cents per thousand.

FEDERAL RESERVE BOARD,
Washington, January 26, 1931.

DEAR SIR: Referring to your letter of January 21, I beg to advise that * * * the cost of printing Federal Reserve notes is based on the number of notes printed, and accordingly the cost per $1,000 varies with the proportion of Federal Reserve notes of the different denominations printed. The average cost of printing Federal Reserve notes in December 1930 was slightly over 29 cents per $1,000. * * *

Very truly yours,

E. M. McCLELLAND,
Assistant Secretary.

Gentlemen who have preceded me have gone into detail and have explained how the money is printed and issued to the different member banks. They get their money at actual cost of printing. This statement cannot be truthfully denied. But when it comes to the farmer—you have already indicated here this afternoon that his rights are to be measured with a different yardstick than the yardstick used in making laws for the banker.

Now, that is the issue in this bill. If the Government can furnish money to the banker, as it does under the law, for about 30 cents per $1,000, the actual cost of printing the money, why cannot it do the same for the farmer? We are dealing with the farmers land, the best security on earth. If real estate at 80 percent of its fair value is not good collateral then there is no good collateral in this country, and you know it. Whenever the homes of America fall, this country falls with them, and you know it; yet you say to the bankers they can have money on their own notes for the cost of printing, and they in turn loan industry money today at ¾-percent interest for production of the finished product,

but any other class of people such as the farmer who takes more risk than any other producer, you are saying to him that he must continue to pay from 8 percent to 15 percent interest for money for his production. Class legislation! Yes, we have been dealing with class legislation here for years, but it has been in favor of the privileged class and against the rights of the plain people. [Applause.] You know what I say is true, the record made by the Congress the past 50 years clearly proves that special privilege has largely written the laws of Congress for their special benefit.

TOO MUCH INTEREST DEBT—TOO MUCH TAX-EXEMPT BONDS

Now, a further word about the gentleman's amendment raising the interest rate to 2¾ percent. This is a money-changers' amendment to try to kill this bill. Everything we have done has been on a tax-exempt, bond-issue basis. I say we have floated far too many tax-exempt bonds already. Let us get back to fundamentals. The plain people of this country are going to have to pay the big tax-exempt bond indebtedness, and it is high time we stop such a program and cut down expenses wherever possible.

As stated by an eminent authority, suppose we list the new debts accumulated year by year since 1914. Then suppose we assume they are financed by Treasury notes and that each year 3 percent of these notes are retired by taxation. What would we owe today under such a system?

If all extraordinary expenses of Government were to be financed by currency issues, retired by taxation, at the rate of 3 percent annually, the following table shows the progress that would have been made in debt payment.

Contract year	New debt	Years elapsed for retirement	Amount retired	1936 balance
1914	$1,188,000,000	22	$792,000,000	$369,000,000
1915	3,000,000	21	1,890,000	1,110,000
1916	34,000,000	20	20,000,000	14,000,000
1917	1,750,000,000	19	1,000,000,000	750,000,000
1918	9,300,000,000	18	4,464,000,000	4,836,000,000
1919	13,200,000,000	17	6,732,000,000	6,468,000,000
1931	615,000,000	5	92,250,000	522,750,000
1932	2,615,000,000	4	527,000,000	2,288,000,000
1933	3,100,000,000	3	279,000,000	2,821,000,000
1934	4,500,000,000	2	300,000,000	4,200,000,000
1935	1,700,000,000	1	51,000,000	1,649,000,000
Total	38,000,000,000		14,250,000,000	23,750,000,000

But the period 1920–30 offered special opportunity for retiring more rapidly the terrific war debt. The following table shows the rate of actual retirement of principal, which reduction could have been applied to preceding debt balances:

	Actual reduction	
1920	$1,300,000,000	
1921	300,000,000	
1922	1,000,000,000	
1923	1,600,000,000	
1924	1,100,000,000	
1925	$700,000,000	
1926	900,000,000	
1927	1,100,000,000	
1928	900,000,000	
1929	700,000,000	
1930	700,000,000	
Reduction of principal	10,300,000,000	
Principal balance (above)		$23,750,000,000
Reduction 1920–30 (above)		10,300,000,000
Necessary net debt		13,450,000,000

But even such a debt is wholly unnecessary.

We have paid the bondholders in interest more than in principal. The interest payments on Federal debt from 1914 to 1935, inclusive, total $13,959,958,361.

Summary of Federal interest paid

	Amount		Amount
1914	$23,000,000	1920	$1,020,000,000
1915	22,000,000	1921	999,000,000
1916	22,000,000	1922	991,000,000
1917	24,000,000	1923	1,055,000,000
1918	189,000,000	1924	940,000,000
1919	619,000,000	1925	881,000,000

Summary of Federal interest paid—Continued

	Amount		Amount
1926	$833,000,000	1932	$599,000,000
1927	778,000,000	1933	689,000,000
1928	731,000,000	1934	756,000,000
1929	678,000,000	1935	820,000,000
1930	659,000,000		
1931	611,000,000	Actual total	13,959,958,361

If we assume it was necessary to borrow, between 1914 and 1935, inclusive, 38 billion dollars, we could have issued 38 billion in Treasury notes, non-interest-bearing notes, and could have retired over 24 billion with the amounts we have actually spent on principal and interest payments, between 1914 and 1935, with the result that there would not be over 14 billion of Federal debt today. This is truly the way to balance the Budget, without the present burden of taxation.

The farmer lives mainly in States denied credit. He pays his share of Federal taxes. The bondholders live in the States with large credit. The "bond racket" sucks money from agriculture into the financial centers.

USURY

The Bible is full of passages speaking out boldly against the taking of interest or usury. Exodus, chapter 22, verse 25, states:

If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury.

Leviticus 25: 35–37 states:

And if thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him: Yea though he be a stranger, or a sojourner; that he may live with thee. Take thou no usury of him, or increase; but fear thy God; that thy brother may live with thee. Thou shalt not give him thy money upon usury, nor lend him thy victuals for increase.

Deuteronomy 23: 19–20 states:

Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury: Unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury that the Lord thy God may bless thee in all that thou settest thine hand to in the land whither thou goest to possess it.

Psalms 15: 5 states:

He that putteth not out his money to usury, nor taketh reward against the innocent. He that doeth these things shall never be moved.

Proverbs 28: 8 states:

He that by usury and unjust gain increaseth his substance, he shall gather it for him that will pity the poor.

Luke 6: 35 states:

But love ye your enemies, and do good, and lend, hoping for nothing again; and your reward shall be great, and ye shall be the children of the Highest; for He is kind unto the unthankful and to the evil.

Yet we find since about the fifteenth century as the importance of the money changers has grown and their powers extended over the different branches of business activity, the church, the school, and the politics of the Nation; they have been able to enact legislation legalizing interest or usury and have had same recognized as a highly moral undertaking.

Statements have been made recently that the total annual interest burden of the people of the Nation is about $15,000,000,000, and the total tax burden of the Nation—National, State, county, city, and schools—is about $15,000,000,000 annually, thus making the interest and tax burden for the 25,000,000 families in the United States of $1,200 for each average family of the Nation.

THE REMEDY

All of you fully realized the chaotic condition confronting us at the beginning of this administration. Due to the ever increasing special-privileged legislation being enacted in increasing amounts for more than 50 years, which class legislation has taken from the people their rights and privileges and given them to the special-privileged few, which has made them immensely wealthy at the expense of the people. All of our statisticians today frankly state that due to such causes about 4 percent of the people own more

than 90 percent of the wealth of the Nation. This concentration of wealth in a few hands has made it impossible for the wealthy to consume the commodities necessary to keep labor employed. This has forced unemployment, misery, and want among our people. We must correct the situation. No one realized existing conditions better than our great leader in the White House when he spoke thus in his inaugural address:

> Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. * * *
>
> The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.

None have tried harder than our great leader, the President, to overcome the many obstacles confronting the Nation. I believe the records will show that we have made great progress in all lines of recovery. However, the simple facts still remain as to the money changers—they have not been driven from the temple since they were lashed out by our Lord while He was here on earth. We see ample evidence of their handiwork all around about us and find ourselves blocked by them on every piece of legislation we try to enact for the benefit of the masses which would in any way curb their money-making powers. It seems that their invisible hand is always at work and writes into law in every bill provisions that amply protect their ill-gotten gains. There is nothing wrong with our economic structure today that correcting our monetary system would not cure.

How long, O Lord, will our people stand idly by and allow their farms and their homes and savings and their all to be taken from them without demanding of their Congress legislation requiring the enforcement of the one provision of the Constitution written by the blood of our forefathers that really would mean and permit for them all the right to life, liberty, and pursuit of happiness? I refer to paragraph 5 of section 8 of article 1 of the Constitution, which provides:

> The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

CITY HOMES VERSUS FARM HOMES

Much has been said in the debate of this bill in an effort to prejudice the city vote or those living in the industrial centers against this bill that it would be unfair and the meanest kind of class legislation to enact this kind of legislation for the farmer without enacting similar legislation to relieve city home owners.

No one sympathizes with the overburdened city home owners more than I, and none here will more strongly support such legislation than the friends of the Frazier-Lemke bill. All of you realize that under our rules of procedure that such an amendment taking care of city home owners cannot be made germane to this legislation. Introduce your legislation, and you will find us supporting same.

The Philadelphia Record in a series of editorials, May 7, 8, and 9, had a good deal to say under the heading, "Why does it have to be 6 percent?"

In the first editorial they said:

> Our interest rate set-up endangers recovery. Depression lowers interest rates for production, but makes no corresponding reduction for consumption. This accelerates the making of goods, retards the making of customers.
>
> The 6-percent-and-up rate is not applied equally to all borrowers. The high rates are applied to little merchants, to householders, to buyers. But the giant corporations, our chief producers, our sellers, are borrowing all the money they need at rates as low as three-quarters of 1 percent.

In commenting further they state:

> In depression the 6-percent-and-up fetish holds only against the little fellow. The results are obvious.
>
> We have talked about increasing consumption buying since depression. We have prided ourselves on solving the problems of production. We have realized that consumption is our difficulty. We meet that difficulty with unparalleled stupidity by charging manufacturers three-quarters of 1 percent to finance the making of things and scaring off would-be customers by demanding 6 percent up when they want to buy the same things on time.

Speaking further, in comparing the interest rate for the manufacturer as compared to the consumer, they say:

> The man who makes refrigerators pays 75 cents per $100 per year for the financing he needs. The small-business man dealing in refrigerators must pay at least $6 per $100 for the funds he needs to run his store. And the man who buys a refrigerator must pay as high as $14 per $100 for the credit he needs.
>
> The neck of the bottle isn't making refrigerators. It's getting them into the home.
>
> But because our interest set-up is tradition bound we make it as easy as possible to produce, as hard as possible to sell, which means to consume, which means to prosper.
>
> Our banking system reflects the emphasis on production, the disregard of consumption that sent us into our 1929 tailspin.

THE H. O. L. C. AND F. H. A. INTEREST RATES

The Government tried to break through tradition to secure for the overburdened home owners, both city and farm, lower interest rates and succeeded only in a very limited way. But as stated in the Philadelphia Record in their editorial of May 8, 1936:

> But the very same interests which had helped ruin the home owners brought all their pressure to bear on the Government. Shielding their precious high-rate structure, they warned that cheap Government loans would ruin them, that home owners would refuse to pay "regular" interest rates if the Government charged only 4 percent, that the Government had to protect them. The Government, therefore, borrows money at 2½ percent for long terms and lends it to home owners at 5-percent interest, plus so heavy a schedule of amortization that the total carrying charge is brought to 9.6 percent. The high-rate fallacy remains. H. O. L. C.'s job is to enable home owners to keep their homes. Its giant weapon is cheap Government credit. But because this is an era of 6-percent-plus for the little fellow, H. O. L. C. piles up the charges—and H. O. L. C. reports begin to show mounting foreclosures.

We ran into the same stone wall in trying to provide reasonable rates under Federal Housing. As you know Federal Housing was created to enable wage earners to build homes and repair existing homes. It was supposed to do a "billion-dollar job"; it was not supposed to lend money but to insure loans through commercial banks to such home owners; there was no risk to it under such plans but as the Philadelphia Record says:

> The F. H. A. requires a 5-percent interest rate, discounted in advance. This advance discount of interest on the entire loan makes no allowance for monthly payments which reduce the principal, thus bringing the true interest rate up to 9.5 percent. And here we see the interest-rate fallacy exposed in all its beauty.
>
> The manufacturer of bathtubs borrows money at less than 1 percent to finance his production. The small contractor who wants to install bathtubs has to pay 6 percent for his financing—where he can get financing at all.
>
> And the home owner, the consumer on whom the bathtub industry depends, has to pay 9.5 percent. The only reason he isn't paying 14 percent is the Government guaranty.
>
> This set-up encourages the making of bathtubs; but it discourages the sale of bathtubs.

Thus we find after 2 years' business the Federal Housing Administration has done a little over $300,000,000 worth of business instead of $1,000,000,000 worth of business. High interest rates have kept low incomes of labor from making needed improvements and purchases. Thus we find we have unlimited cheap money for production and manufacture year in and year out, in good times and in bad times, but high interest rates for the consumers.

THE FARMER AND THE WAGE EARNER

The Record, in its editorial of May 9, summarized the case thus:

> Our distorted interest rates are intensifying the distortion of our economic system—giving the big the advantage over the small, giving production the edge over consumption.
>
> There is only one way out. That is to reduce interest rates to the small borrower.

In view of the bitter attack being made against this legislation by the money changers, it seems to me that a comparison of the income of the farmers and wage earners covering the past number of years would be interesting to study. The figures given below for the farmers are compiled by

Dr. A. G. Black, Chief of Bureau of Agricultural Economics of the Department of Agriculture:

Farm income per capita and agricultural wealth of the United States, 1909–34

Year	Agriculture's share of national income		Agricultural wealth		Percentage agricultural wealth is of total
	Total	Per capita [1]	Total	Per capita	
	Million dollars	*Dollars*	*Billion dollars*	*Dollars*	*Percent* [2]
1909	4,988	156	41.3	1,291	19.6
1910	5,218	163	42.9	1,336	19.0
1911	4,815	150	44.1	1,374	18.7
1912	5,294	165	46.1	1,436	18.4
1913	5,133	160	47.7	1,486	18.2
1914	5,081	158	47.9	1,492	18.8
1915	5,488	171	50.5	1,573	18.1
1916	6,631	207	55.0	1,719	17.6
1917	9,188	288	61.6	1,931	17.1
1918	11,205	352	67.0	2,107	17.1
1919	12,182	384	79.1	2,495	18.2
1920	11,057	350	71.8	2,272	15.3
1921	6,967	220	63.1	1,991	14.6
1922	7,300	230	61.4	1,931	13.3
1923	8,026	256	58.9	1,882	12.1
1924	8,325	268	57.7	1,855	11.6
1925	9,089	292	57.8	1,859	10.8
1926	8,214	267	56.7	1,841	10.3
1927	8,371	276	57.2	1,888	10.2
1928	8,109	268	58.1	1,917	9.6
1929	8,254	272	58.1	1,917	9.3
1930	6,320	209	52.7	1,745	9.5
1931	4,659	152	45.3	1,480	9.6
1932	3,582	115	30.7	984	8.2
1933	4,557	142			
1934	5,287	163			

[1] Total of agriculture's share divided by farm population, Jan. 1.
[2] Agricultural wealth divided by farm population.

The figures given below for national income for all wage earners as shown by the Conference Board Bulletin, April 10, 1935, is as follows:

National income produced, 1909–1934

Year	Total (billion dollars)	National income		
		Per capita	Per gainful worker, including unemployed	Index of wholesale prices, all commodities (1926=100)
1909	27.2	$300	$727	67.6
1910	30.1	326	785	70.4
1911	29.4	314	761	64.9
1912	31.8	334	814	69.1
1913	33.7	350	857	69.8
1914	32.0	327	806	68.1
1915	34.5	347	860	69.5
1916	44.2	439	1,093	85.5
1917	53.2	521	1,304	117.5
1918	60.2	581	1,463	131.3
1919	67.4	642	1,623	138.6
1920	74.3	697	1,770	154.4
1921	52.6	486	1,233	97.6
1922	61.7	562	1,423	96.7
1923	69.8	626	1,584	100.6
1924	69.6	615	1,555	98.1
1925	77.1	671	1,695	103.5
1926	78.5	674	1,699	100.0
1927	77.2	653	1,647	95.4
1928	80.5	671	1,691	96.7
1929	83.0	683	1,719	95.3
1930	70.3	571	1,436	86.4
1931	54.6	440	1,107	73.0
1932	39.4	315	793	64.8
1933	41.8	333	836	65.9
1934	47.6	377	946	74.9

Thus we find from studying the above tables that the farmers' income in 1934 was $163 per capita or $13.58 per month while the average per-capita income of labor generally was $377 or $31.42 per month. Thus we see that the incomes of the farmers and wage earners generally will not permit payment of high interest rates.

The Government records show to what extent foreclosures are being made under H. O. L. C. chart.

Foreclosures and acquisitions of properties by the Home Owners' Loan Corporation, 1934–36

Year	Number of outright foreclosures	Number by acquisitions by voluntary deed	Total number of properties acquired
1934	30		30
1935	4,106	334	4,440
1936	11,713	1,100	12,813

It may be of interest to see how foreclosures have increased under the Federal land bank.

Foreclosures and acquisitions of properties by the Federal land banks, 1930–35

Year	Number of outright foreclosures	Number by acquisitions by voluntary deed	Other acquisitions [1]	Total number of properties acquired
1930	[2] 4,645		71	4,716
1931	[2] 7,396		413	7,799
1932	[2] 10,039		1,369	11,408
1933	5,577	1,039	952	7,568
1934	4,024	756	1,095	5,875
1935	9,964	1,488	1,576	13,028

[1] Includes real estate acquired in trade, purchase-money mortgaged, foreclosed or canceled by deed, cancelations of real-estate sales contracts, and abandonments reacquired.
[2] Includes cancelations by voluntary deed, break-down not available.

FRAZIER-LEMKE FARM REFINANCING

An eminent authority shows the necessity of new credit facilities, new purchasing power, new debt-paying ability, is found in an analysis of the farms mortgaged. The following table shows for each of the 48 States: (1) The number and (2) percentage of farm mortgaged, (3) the totals of mortgages on farms operated by full owners, and (4) probable distribution of Frazier-Lemke refinancing.

There is a justifiable criticism of this table. It is statistically correct. But practically every little 3-acre farm in the country that is termed a farm "statistically" and is free from debt is incorporated into the table.

If the Department had used only farms of 10 acres or over in compiling its figures, then the much higher percentage of mortgaged farms would be revealed, and this table would appear far too conservative.

State	Farms mortgaged	Percent of total	Total mortgages on farms operated by full owners	Probable distribution Frazier-Lemke refinancing
Mississippi	261,000	83.7	$36,733,000	$27,000,000
Oklahoma	163,000	80.4	60,931,000	46,000,000
Alabama	202,000	78.9	37,422,000	28,000,000
Georgia	199,000	78.2	35,624,000	26,000,000
North Dakota	60,000	78.2	60,044,000	45,000,000
Louisiana	125,000	77.6	26,675,000	20,000,000
South Dakota	64,000	77.4	64,358,000	48,000,000
Iowa	166,000	77.3	452,902,000	340,000,000
Nebraska	99,000	77.2	172,342,000	129,000,000
Arkansas	186,000	77.0	35,388,000	26,000,000
South Carolina	121,000	76.7	26,447,000	20,000,000
Texas	377,000	76.1	199,238,000	150,000,000
Kansas	119,000	71.9	113,807,000	85,000,000
Colorado	40,000	67.9	48,854,000	36,000,000
Minnesota	125,000	67.8	235,114,000	175,000,000
Idaho	27,000	67.1	50,225,000	37,000,000
Illinois	141,000	66.2	199,229,000	150,000,000
Missouri	169,000	66.1	187,863,000	140,000,000
Wisconsin	119,000	65.9	355,029,000	265,000,000
Montana	30,000	64.5	36,598,000	27,000,000
North Carolina	176,000	63.2	49,670,000	37,000,000
Wyoming	10,000	62.5	12,781,000	9,000,000
Indiana	111,000	61.4	112,185,000	84,000,000
Tennessee	147,000	60.2	49,750,000	37,000,000
Oregon	32,000	59.6	64,116,000	48,000,000
Delaware	5,000	58.6	5,617,000	4,000,000
California	79,000	58.3	298,523,000	223,000,000
Washington	40,000	57.7	72,303,000	54,000,000
New Jersey	14,000	57.6	39,796,000	30,000,000
Vermont	14,000	56.4	26,376,000	20,000,000
Michigan	95,000	56.2	141,034,000	105,000,000

State	Farms mortgaged	Percent of total	Total mortgages on farms operated by full owners	Probable distribution Frazier-Lemke refinancing
Utah	15,000	55.9	$28,741,000	$21,000,000
Maryland	23,000	53.4	32,863,000	24,000,000
Massachusetts	13,000	53.1	34,060,000	25,000,000
Connecticut	9,000	52.7	23,556,000	17,000,000
Ohio	113,000	51.9	143,089,000	107,000,000
New York	82,000	51.7	170,460,000	127,000,000
Kentucky	126,000	51.4	62,777,000	47,000,000
Nevada	1,000	46.3	8,074,000	6,000,000
Florida	26,000	44.9	21,606,000	16,000,000
Virginia	75,000	44.3	53,424,000	40,000,000
Pennsylvania	75,000	43.9	122,744,000	92,000,000
Rhode Island	1,000	43.4	2,655,000	2,000,000
Arizona	5,000	41.8	11,618,000	9,000,000
New Hampshire	5,000	38.4	8,199,000	6,000,000
New Mexico	12,000	38.4	10,325,000	7,500,000
Maine	13,000	35.1	22,539,000	17,000,000
West Virginia	26,000	32.6	16,260,000	12,000,000

THE JONES BILL, H. R. 7593

At the beginning of debate on this measure the gentleman from Texas [Mr. JONES] offered his bill H. R. 7593, authorizing the issuance up to $2,000,000,000 of new currency at 2 percent interest with proper gold reserve protection, and the Chair held the bill not germane to this measure pending.

A comparison of the two bills, however, clearly shows the recognition of the justness of the lower interest rates provided in the Frazier-Lemke bill.

In conclusion, let me say that I believe it is generally recognized that we need more money in circulation. On October 31, 1920, we had $53.21 per capita in circulation; since then it has decreased about $20 per capita. In 1929, before the crash, we were using about $62,000,000,000 of bank checks which now is down to about $20,000,000,000. In other words we formerly had at least three times as much bank money as we now have.

Under existing law, title 12, chapter 3, paragraph 248 (d), United States Code, Annotated, the Federal Reserve Act provides:

> To supervise and regulate through the Bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal Reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal Reserve agents applying therefor.

Thus we find the Federal Reserve System has complete authority to regulate the issue and retirement of outstanding currency. Thus we find that should prices rise as greatly feared by Mr. Green and his committee, the Federal Reserve Board has ample authority to retire sufficient outstanding currency to adequately regulate the amount of currency in circulation, and this measure because of the provisions of the bill under existing law could not truthfully be considered as inflationary.

Nothing is ever settled until it is settled right. You may defeat this measure through the tactics used here today by appealing to the prejudices of the industrial Members to vote against the farmers, but when labor understands the situation it will, as it has always done, demand a square deal for its friend and co-worker, the farmer.

We have certainly learned our lesson, one section of the country cannot prosper without the other section being allowed its fair share of prosperity. [Applause.]

Mr. DEEN. Mr. Chairman, I rise in opposition to the proforma amendment.

Mr. Chairman, as the only Member from my State who signed the petition to discharge the Rules Committee, I want to state to the Members of the House I did so hoping that we could amend the bill if and when it ever came to the floor of the House. I have studied the bill offered by the gentleman from Texas [Mr. JONES], chairman of the Committee on Agriculture, as an amendment to the bill now under consideration. I have drafted and had drafted certain amendments along the line of the provisions contained in Mr. JONES' bill, which amendments, however, are not germane to the bill under consideration, so I am informed.

Mr. Chairman, I am for the principles enunciated in the bill offered by the gentleman from Texas [Mr. JONES], which uses $800,000,000 in gold as the basis for the issuance of the money. I am for the lowering of the interest rate, and I yield to no man, the gentleman from Texas [Mr. MCFARLANE], who just preceded me, or anyone else, in my ambition to be of service to not only the farmers but to all the people of my district and the country at large. However, I cannot subscribe to the method of financing and the policy of administering this act as provided in the Lemke-Frazier bill.

I believe that all meritorious legislation should be brought to the floor of the House for consideration and should be either passed or defeated on its merits or demerits. I do not think any bill should be pigeonholed, and for this reason I signed the petition in reference to the Frazier-Lemke bill. I signed the petition, believing I could amend the bill to the point where it would be satisfactory. Since the amendments I have in mind, which were prepared along the line of Mr. JONES' bill, are not germane to the pending bill under consideration, I cannot vote for it, and I hope the Congress will not pass a bill which will jeopardize the farmers of the country and make conditions worse than they are today. This is my honest, conscientious conviction. [Applause.]

[Here the gavel fell.]

Mr. BINDERUP. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in opposing the amendment offered by my good friend from New York, Mr. HAMILTON FISH, whom I highly respect, who speaks continuously about the inflation feature, I want to issue a challenge to the opponents of this bill and yield to anyone who dares to deny the righteousness of this provision. That is the fundamental thing in the Frazier-Lemke bill.

Mr. Chairman, I want to read a paragraph of a bill that every one of the gentleman on that side [addressing the Democratic side of the House] voted for. I quote a paragraph from the Banking Act of 1935, section 24:

> Any national banking association may make real-estate loans secured by first liens upon improved real estate, including farm mortgages.

And then, at the end of the paragraph, note this:

> Notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act.

This is what I want to bring out particularly. If you will change three words in that act, if you will amend section 24 to include just three words, you will have included the Frazier-Lemke bill. If you will add these three words, then we may eliminate everything in the Frazier-Lemke bill, because it is the fundamental part of it. Put in three words, "or Federal land bank", making it read:

> Any banking association or Federal land bank may make real-estate loans secured by first liens upon improved real estate, including farm mortgages, and notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act.

Just include those three words; and why not? Why not give the Federal land bank, the farmers' banks, the same privilege in this Banking Act that you are giving to the Federal Reserve System, the bankers' banks? That is all there is to the matter, and I challenge anyone to reply or to answer why this should not be done. I wait for the reply. I challenge you Democrats, with whom I have associated all my life, to get up here and say why that should not be done. Let your constituents at home know that you do not think as much of the farmers as you do of your bankers. I dare you to go on record in reference to that matter. [Applause.] Is it a fact that not a soul dares to arise, and yet will vote against this bill, the Frazier-Lemke bill? [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH].

The amendment was rejected.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PETTENGILL. Mr. Chairman, there is no doubt that the passage of this bill would afford a temporary measure of relief to many of our citizens who have been caught between fixed mortgage obligations and a declining price level. They are among the most worthy of our people, and because their situation has been such a hard one I have been anxious to have this bill considered on its merits.

It was for this reason that I signed the discharge petition so as to give this bill its day in court and to permit parliamentary government to perform its true function, which is to debate important measures rather than smother them in committee.

The bill is now out on the floor and its merits and demerits must be weighed. We have to consider its total effect on our farmers and all our people, rather than a small minority of the farmers alone. I regret exceedingly that I have come to the clear conviction that the bill will be bad for all our people, taken together, and that it will do little good and much harm to the farmers themselves.

As many sincere people have a different view I shall state the reasons for my belief. In doing so I refer to the bill as it has come on the floor, without reference to amendments that may be offered or adopted. In fact, my constituents who favor the bill have generally asked me to vote against all amendments. I will discuss it, therefore, in the form in which it has been presented to the country.

The bill provides for refinancing of farm mortgages, and the purchase of farms by tenants. No provision is made for mortgagors or tenants or land-contract purchasers living in towns and cities. They get no benefit whatever from the bill. On the contrary the wage earner's lot is certain to be made worse by still further increase in the cost of living, as stated by the president of the American Federation of Labor.

We have to consider the bill itself, as drawn, and also the probability that if it is once passed it will irresistibly lead to still more legislation of the same character.

But for the moment let us analyze the bill itself on the assumption that if passed its provisions will be lived up to and no more similar legislation will follow.

The bill provides for refinancing mortgages or financing farm purchases by tenants or former owners. Loans are to be made on both real estate and chattels. Real-estate loans are to be made at 1½-percent interest and 1½-percent principal payment annually, which means that the loans will run for 47 years.

Loans may be made up to 100 percent of the value of the land and 75 percent of the value of insurable buildings and improvements. The same provisions apply to financing the redemption of land lost by foreclosure at any time within the past 15 years and to the purchase of land by tenants.

Right there let me ask if there is a single supporter of the bill in this House, or anywhere in the Nation, whether a farmer or not, who would loan $100 of his own money or money for which he is responsible as guardian or trustee upon any such terms? I mean loan up to 100 percent of the value of the land at 1½-percent interest, and 47 years before his loan would be paid back? I have never heard of any such person anywhere. Even if a man had money of his own to loan, who would deposit a dollar in a bank which was known to be making that kind of loans? I dare say that every farmer who favors this bill would at once withdraw his deposits from his country bank if he knew the bank was making 100 percent loans of his deposits. I want someone to tell me why the Government should make loans that no one would make if his own money were at stake.

Chattel mortgages are to be refinanced up to 65 percent of the value of the security, with 3-percent interest and maturity up to 10 years.

The total amount of money provided for these purposes is $3,000,000,000. It cannot be more and might be less.

How far will $3,000,000,000 go? How many farm mortgagors and farm tenants would be helped? How many are certain not to be helped, and on the contrary, are certain to be hurt by the passage of the bill?

A careful analysis shows how extravagant have been the claims for this bill and how disappointing it would surely prove to be.

To show how effective this misrepresentation has been, I read an advertisement printed in an Indiana newspaper the other day:

FARMERS, TAKE NOTICE!

The Frazier-Lemke bill for financing all farm indebtedness at a rate of interest of 1½ percent comes up for consideration in the House of Representatives on May 11. No measure so far proposed for farm relief has half the merit of this bill. Every farmer should write his Congressman urging him to support it.

You will note that it is claimed that the bill will finance "all" farm indebtedness.

Someone is misleading the public. The advocates of the bill know that the bill cannot and will not finance "all" farm indebtedness. Either that, or they are not sincere when they say in the bill that the fund shall not exceed $3,000,000,000.

We cannot change the science of arithmetic. However desirable, no one can make 2 and 2 equal 6 or 60. We cannot pay off the farm debt of this country and finance farm purchases by tenants with $3,000,000,000. The money simply will not go around. There is no way to make it go around, and the inevitable result of the bill is to work serious injustice among mortgagors and tenants, all equally worthy, helping a few and denying the same equal treatment to their neighbors.

I favor giving farm borrowers as cheap credit as can safely be done. But I would give all the farmers credit at 3 or 3½ or 4 percent, or whatever the lowest safe rate might be, and not give a third or fourth 1½-percent money and then require the other two-thirds or three-fourths to keep on paying 5 or 6 or 7 or 8 percent. If you make credit as cheap as it can reasonably be made to all farmers, you have done something that is real and constructive and sound and just. But this bill offers injustice, unequal treatment, and disappointment to the overwhelming majority of our farm population.

Let us look at the facts and figures. Farm real-estate mortgages as of January 1, 1935, are estimated to total nearly eight billions—$7,770,000,000. I do not have the figure for chattel mortgages, but it is probable that it is at least a billion more, making a grand total of about nine billions.

You cannot refinance nine billions with three billions. All this bill can do, at the utmost, is to refinance one-third of the farm debt and one-third of farm debtors, doing nothing whatever for the other two-thirds. The bill condemns the latter to their present situation. In fact it will probably hurt two farm debtors for every one that it would help.

It is argued that the three thousand million dollars will revolve and therefore after many years it will refinance more than one-third of the farm debtors.

This assumes that there will be no losses or operating expenses; that all payments will be made promptly as they fall due; that there will be no foreclosures or abandonments; that during the next 47 years there will be no more depressions; no more crop failures; no more wars; no more shrinkages in the price level of farm lands.

This assumption flies in the face of all experience. To begin with, all of the 1½-percent interest paid by the farmers will be required to pay the 1½-percent interest on the farm-loan bonds to be issued under the terms of the bill.

That leaves only the 1½-percent principal payment (forty-five million on three thousand million) to "revolve." How

much of that 1½ percent will be left after operating expenses and losses are charged off? With loans up to 100 percent of the value of the lands, and therefore little or no equity in the borrower, it seems obvious that abandonments will occur much more frequently than normally whenever there is even a mild depression in values, and that the expense of collections, foreclosures, and losses will absorb all of the 1½ percent which may be collected. In fact, the Farm Credit Administration estimates that expenses and losses will almost certainly be greater than all the amounts collected.

This being the case, there will be nothing to "revolve" for the purposes of making additional loans. This limits the total available fund to the original $3,000,000,000 or less.

So far we have talked only of farm mortgagors and have shown that the bill can benefit only one-third of them; and they in turn are only 18 percent of all farmers.

But this has omitted the farm tenants entirely and the men who have lost on foreclosures entirely. The bill provides for them as well as the mortgagors and when the claim of the tenants and purchasers to part of the $3,000,000,000 are considered, the amount available to refinance farm mortgagors is still further reduced.

It is necessary to consider the claims of all persons intended to be benefited by the bill. They include farm mortgagors, farm tenants, and those who have lost farms by foreclosure within 15 years, whether now living on farms or not.

The farm census for 1930—the last year for which all figures are available—shows the following:

April 1, 1930

Total number of farms	6,288,648
Farms operated by full owners:	
(a) Free of mortgage debt	1,157,848
(b) Mortgaged (for $4,080,000,000)	1,569,178
Mortgage data not reported	184,618
	2,911,644
Farms operated by part owners	656,750
Farms operated by managers	55,889
(c) Farms operated by tenants	2,664,365
Tenants farms—value of land and buildings	$16,381,557,526

Disregarding for the moment all of the above items except (b) and (c)—mortgagors and tenants—and disregarding also all chattel mortgages, we have a total of farm mortgages and value of lands available for purchase by tenants of approximately $20,461,000,000, or nearly seven times the three billions provided in the bill. In addition we have those who have lost farms by foreclosure within 15 years and who might like to rebuy them with purchase money provided by the Government up to 100 percent of the value of the land and 75 percent of the value of the improvements. No one can estimate how large a sum would be applied for by them, but it is no doubt a large amount. Whatever it might be, it is obvious that this bill cannot possibly assist more than one farm mortgagor and tenant out of seven. For the other six the bill does nothing. And, of course, it gives no benefit to the 1,157,848 farm owners who fortunately are free of mortgage debt, except as it is claimed that they would indirectly benefit by "inflation", which I shall discuss later.

If all the benefit of the bill went to the farmers living on mortgaged farms and none to tenants, it is plain that it would take care of only three-fourths of them—$3,000,000,000 under the bill, as against $4,080,000,000 of debt against these 1,569,178 farms—or 1,177,500 farms, which is only 18 percent of the total farms in the country which would stand to benefit under the bill.

If all the benefits of the bill went to finance purchasers of farms by the 2,644,365 tenants and none to mortgagors, it is again plain that it would take care of less than 1 tenant out of 5—$3,000,000,000 against $16,381,557,526—or about 479,520 tenants, and would do nothing for the remaining 2,184,845 tenants. For them the bill promises bread and gives them a stone. If the benefit of the bill went to the 479,520 farm tenants and nothing to the mortgagors, it would benefit less than 7 percent of the total farmers of the Nation, leaving nothing for 93 farmers out of 100.

The advertised claims of this bill as the solution of the farm problem and the salvation of hard-pressed farmers simply do not stand up.

If we provide for only three farm mortgagors out of four, will the fourth mortgagor and all tenants feel that they have been treated justly and equally by their Government? They will not. They will demand equal treatment. How can we defend such a discrimination against them?

If we provide for only 1 farm tenant out of 5, what will the other 4 tenants and all mortgagors say about the way we have treated them? How can you defend giving the favor of government to only a few of many equally worthy and denying it to a far greater number who have the same claims to your consideration?

The answer is that you cannot defend your work, and, having created injustice, you will be subjected to irresistible pressures to remove the injustice you have created. You will be asked to treat all alike.

If you do, and I know many proponents of the bill intend to do that very thing, instead of $3,000,000,000, you will eventually issue many times that amount to finance farm debtors and tenants, possibly up to the figure given of $20,461,557,526.

And when you have financed all farm debts and provided money for all farm tenants to buy farms at 1½-percent interest and 1½-percent principal, or 3 percent, which uncounted numbers will do, as 3 percent is far less than many now pay as rent, what will you then say to the wage earner and home owner and house buyer and tenant in the towns and cities of America? Mortgages on homes in towns and cities total about $20,000,000,000 more, to say nothing of homes that city tenants and purchasers on land contract would like to buy, as well as merchants and businessmen hard pressed with debt.

What are you going to say to them? Are you going to say, "We are sorry. We will provide the farmer with 1½-percent money, but not you people who live in town. You are not as deserving as the farmer."

The Home Owners Loan Corporation has made 1,016,142 loans, totaling $3,081,000,000, on town and city homes at 5-percent interest. Can you justify three billions to farmers at 1½ percent and three billions to wage earners at 5 percent?

Who thinks he can defend any such discrimination—1½-percent money to the farmer and leave the city mortgagor and tenant and the buyer on land contract of a city home to pay 5, 6, or 7 percent? In view of the fact that the 70 percent of our people live in town and 30 percent in the country, it is as certain as sunrise that the 70 percent will demand and get the same treatment as the 30 percent. If they do not, they will elect a Congress that will give them equal treatment.

This is a road that has no turning. "Controlled inflation" by this means is a dream. It does not exist in the field of practical politics.

Either you are going to discriminate against large groups of people—a far larger number than you help—or you will remove the discrimination by finally voting out twenty or thirty or forty billions of paper money to refinance all debts—rural and urban—and all tenants, and when you have done that no one is helped and everyone is ruined by skyrocketing prices, the farmer included, with a dictator seizing the reins of power in a chaos such as has overwhelmed three-fourths of Europe.

Believing as I do, that this bill is the beginning of the road to ruin, from which there is no turning once we embark upon it, I have no choice but to vote against it. It is either unequal and unjust discrimination toward citizens equally worthy and equally in need or it is billions of ruinous inflation. There is no escape from that conclusion that I can see.

But, again, for argument's sake let us suppose that the provision in the bill that no more than $3,000,000,000 of money shall be issued remains the law permanently, what then? Someone will say, "Well, let us help those in distress up to $3,000,000,000, anyway. Why deny that much good?"

The answer is that to do temporary good to a few you cannot avoid harming an equal—in fact, a much greater—number.

For example, here are two farms, A and B, of equal value, producing the same kind and quantity of crops for the same market, both mortgaged for $5,000, at 6-percent interest. That means that both have a fixed interest charge of $300 a year. You refinance A at 1½ percent, or $75 a year. As your funds will not go around, you do not refinance B. A pays $75 a year interest and has 47 years to pay. B continues to pay $300 interest a year. A, therefore, is given an advantage over B of $225 in annual interest charges alone, to say nothing of principal payments.

What does this do? It makes A desirable to buy and by the same token destroys the real-estate market for B. No one would buy B with a 6-percent mortgage when he can buy A with a 1½-percent mortgage. In 10 years, at an interest saving of $225 annually, a buyer could afford to pay up to $2,250 more for A than B—to say nothing of lower payments on the principal. As a result you have reduced, if not destroyed, the real-estate market for all farms not financed at 1½ percent. Am I to not consider them? This would apply also to the 1,157,848 farms now free from debt. Are they to be forgotten? It will hurt their real-estate market also, for the reason that a prospective purchaser will certainly prefer to buy the farm with 1½-percent interest and 47 years' maturity. The farmer who is fortunate enough to get 1½-percent refinancing under this bill will be able to capitalize his interest saving at the expense of all other farms in the same real-estate market.

We can enact this bill but we cannot repeal human nature or, as Abraham Lincoln once said, "escape the verdict of history." "I know but one light to guide my feet, and that is the lamp of experience." Not only in all history is there no precedent that justifies this bill, but, on the contrary, the one example of legislation most like this bill demonstrates how futile it is as a solution of the difficulties of farm debtors and farm tenants.

I refer to the experience in Ireland. The Irish Land Act of 1903, known as Wyndham's Act, and other similar legislation before and since then provided for the financing of purchases of farm land by tenants at low total interest and principal payments yearly. More than half of the land purchased by tenants took place at the rate of 3¼ percent—about the same as this bill.

What happened? The right to buy at this cheap interest and principal rates of payment became known as "tenants' rights." These "tenants' rights" became highly desirable, and in many cases the tenant right became as valuable as the land itself.

I quote from the Struggle for Land in Ireland, 1800–1923, by John E. Pomfret:

> The tenant no longer competed for the landlord's land since his interest had become a fixed and known quantity. Instead the tenants entered into competition for the tenant right. In bidding for the farm of an outgoing tenant the applicants bargained fiercely against each other, not for the appurtenances of the farm but for the right to obtain a holding at a fixed rental; and in this new struggle for land the tenant suffered as before. The tenant right was as valuable as the interest that was being purchased from the owner.

The experience in Ireland demonstrates how necessary it is to think things through, and how cruelly disappointing much well-meaning legislation for socially desirable ends turns out to be if not thought through.

What reason is there to believe that the result would be different under this bill? That the 1½ percent land would not rise in the speculative markets at the expense of all other farms and all other farmers? True, a small minority who would originally participate in the $3,000,000,000 made available by this bill would benefit for a time at least, but it seems as plain as a pikestaff that by helping a small minority you not only subject the majority to unjust credit discrimination but, more than that, their farms cannot find buyers in the same real-estate market with farms financed at 1½ percent.

I again repeat, let us support farm credit legislation that treats all farmers, equally situated, alike. This bill is a denial of that sound principle of "equal rights for all, special privileges for none." This bill throws one-third or one-fourth or one-seventh of the farm mortgagors and tenants into unfair competition with all the rest.

In voting against this bill I am voting to protect the great majority of farm borrowers and tenants against this unjust discrimination and unfair competition.

There are other dangers that lurk in this bill.

We have to consider the rights of existing borrowers under the Farm Credit Administration, as well as the investors in its bonds. This bill is certain to subject them to the danger of serious loss.

Let us see why this would be so. It arises, first, from the fact that no one will buy the 1½-percent, 47-year bonds proposed to be issued under this bill. Therefore, existing mortgages would be paid for only by the issue of $3,000,000,000 of Federal Reserve notes.

The Farm Credit Administration now has outstanding its own issues of farm loan bonds bearing interest at from 3 to 4½ percent and not callable for from 8 to 10 years and now selling at a premium. As a substantial number of its farm borrowers would no doubt refinance their present loans under this bill at 1½ percent, the Farm Credit Administration would receive cash therefor.

Could it, in turn, reinvest the cash so received in Government securities that would yield enough to continue to pay the 3- to 4½-percent interest on its noncallable bonds now held by the public? The Farm Credit Administration states that it could not. The average interest rate on Government securities is now 2.55 percent—not sufficient to meet the rate paid by the Farm Credit Administration on its outstanding bonds. That means only one thing—interest received would not equal interest paid and the Farm Credit Administration would default in the interest on its outstanding bonds, and this, in turn, would mean receivership and liquidation of the system. Receivership would cause a loss of the $113,000,000 capital-stock investment in the Farm Credit Administration now held by some 600,000 farm borrowers, to say nothing of $217,000,000 invested by the Government.

It is apparent that there is much more to be thought of in this bill than its proponents have made public. They have never thought it through.

The destruction of the present Federal land-bank system and the loss of the capital-stock investment of 600,000 farmers would in all probability give such a black eye to farm credit that private lenders of farm credit would call their loans just as fast as they could.

Where would farm borrowers go then?

Aside from the disaster which the bill threatens to the Farm Credit Administration and private farm credit, it is to be noted that the bill makes it the "duty of the Federal Reserve and national banks to invest their available surplus and net profits" in the 1½-percent, 47-year, nonsalable bonds to be issued under this bill.

That would "freeze" $3,000,000,000 of the assets of our banks in paper they could not turn into cash.

What effect would that have on bank borrowers, the merchant, and manufacturer, and so forth?

Upon careful study, the bill appears certain to—

(A) Benefit temporarily only one-third or one-fourth or one-seventh of the total farm borrowers and tenants of the Nation.

(B) Impair the real-estate market of all other farmers.

(C) Destroy or seriously harm the present Farm Credit Administration.

(D) Put to serious hazard $113,000,000 capital-stock investment of 600,000 farmers in the Federal land-bank system.

(E) Drive private lenders out of the farm-credit field.

(F) Freeze three billions of the assets of Federal Reserve and member banks, thus impairing their ability to serve their customers, and thus causing a return of business stagnation among those who live in the cities and are in turn the farmers' market.

(G) Put in motion forces that would press for an uncontrolled and uncontrollable inflation that would be ruinous to every home in America, the farm home included. After inflation had swept over Germany, the farm-mortgage debt in terms of gold marks was double what it was before. This was due in part to the fact that in a period of inflation commodities—which the farmer has to buy as well as what he has to sell—increase in value faster than real estate.

Mr. Chairman, this bill suffers from the same disease that prevented any favorable action on the soldiers' bonus until it was divorced of monetary experimentation. Farm credit is one thing. It ought to be treated on its merits. Any attempt to mix farm credit and monetary theory is bad for both.

I was raised on a farm—a run-down, hill farm—that sold, buildings and all, for $6 an acre. In saying that I say all that is necessary. There never was anything but a depression on that hillside farm.

My natural sympathy, therefore, goes to the farmers of my district and the entire Nation. They are literally the backbone of the Republic. I have voted for every farm measure that gave reasonable promise of helping them to secure equality with those who live in the towns and cities.

But ballyhoo is one thing; careful study is another. This bill will not stand examination. As it will help only a few and harm most of the farmers themselves, I am unable, as their friend and well-wisher, to vote for it.

Time does not permit a review of farm progress under recent legislation. It has been real and substantial. Farm income in 1935 was about $3,000,000,000 more than 1932. In other words, a single year's increase in income was equal to the total amount to be loaned under this bill.

While a reduction of overhead costs through reduced interest is important it is far more important to increase income. One and one-half-percent interest under this bill would help only about 18 percent of farm debtors. But increased income helps all farmers.

Commodities raised by farmers have doubled in price in the past 3 years, an increase more than any other group in the price index. I hope it will continue until farm and city goods are placed on a parity where they can be exchanged freely.

A large, perhaps the greater, part of this increase has been due to untying the American dollar from the old fixed weight of gold. I have strongly supported the administration's policy in this regard and shall continue to work for a dollar that will have a substantially uniform exchange value for all commodities, rather than one commodity, gold, which fluctuates as does a ton of coal or a pound of iron. I favor a nonpartisan, nonpolitical monetary "Supreme Court" that will make such congressional policy effective for farmers and town dwellers alike.

Another policy I strongly favor is the development of the cooperative movement, not only to reduce selling costs in marketing farm commodities but also to reduce the middleman expense for what the farmer buys. The cooperative movement is democracy at the grass roots—a sound middle ground between irresponsible individualism and compulsory paternalism.

Since the spring of 1933 over $2,000,000,000 of farm debt has been refinanced by the Farm Credit Administration, with a total of $3,361,555,498 outstanding on April 30, 1936. The long-term interest rate is from 4 to 5 percent, a saving of one dollar in three. Until 1938 it has been further reduced to 3½ percent, the lowest interest rates ever to be had in America. Interest savings total $72,000,000 annually. Through scale-downs, $200,000,000 of principal has been wiped out on the $2,000,000,000 of mortgages, about 10 percent.

Foreclosures have been cut in half—from 39 per 1,000 farms for the year ending March 15, 1933, to 19 per 1,000 in the year ending March 15, 1936. Out of 1,000 farms, at the present time 981 are not being lost to their owners. No one can deny that this is not real progress. It is shown by the increase in real-estate values. A testimonial to this advance is the fact that private credit instead of getting out of farm lending is now reentering that field—70 percent of farm loans being made by private lenders in 1935 as against 23 percent in 1934, and at lower interest rates.

Another thing that makes the future look better is the development of new farm markets. Millions of acres are now in soy beans used for paint. Then there is the growing market for tung oil; for paper from slash pine; for power alcohol from corn and Jerusalem artichokes—possibly this is the most important of all. Many chemists believe industrial alcohol will some day take the place of gasoline and put every idle acre at work. One hundred pounds of cotton go into every automobile and its tires. Cotton is being used as a binder in concrete highway construction. Plastic materials such as the steering wheel of automobiles, cellophane, and "silk" stockings are coming from the farm. The Farm Chemurgic Council looks forward to the day when houses and furniture will be "grown" on the farm. Experiments in rubber from milk weed are now going on. Industry and chemistry are apparently just at the threshold of furnishing agriculture new markets that will completely change the outlook for rural America.

I do not claim that agriculture is yet reestablished to its just position in the life of the Nation. But it is certain that it is closer to the goal than at any time in many years.

Mr. NICHOLS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the figures which the gentleman from Indiana [Mr. PETTENGILL] has prepared are probably correct, I do not know, but when the gentleman says that these figures will portray the benefits that will be reflected to the farmers by the enactment of this legislation, the gentleman is incorrect for this reason. One of the biggest benefits that not only the farmers but the great mass of all the producers of this Nation will receive from this bill is not whether or not as an individual he will get money to pay off a mortgage on a farm. The general benefit will flow from the fact of the so-called expansion of the currency, which simply means the putting into circulation of more of the price-fixing units, cheapening the purchasing power of the dollar.

Today, when a man takes a cash dollar and goes into my district in Oklahoma and buys a dollar's worth of cotton, he gets 127 cents' worth plus of my farmer's cotton for his dollar. This applies to labor. When a person buys a dollar's worth of labor at the present purchasing power of the dollar, he buys 127 cents plus worth of that man's labor, and so it applies all the way down the line.

Therefore if this bill can be held to its present rate of interest, so that if it becomes law they cannot issue bonds instead of issuing the currency, then the expansion of the currency by $3,000,000,000 will bring the purchasing power of the dollar down low enough, I hope, so that it will have a purchasing power of only 100 instead of 127 cents.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. FULMER. Is it not a fact that today, under the Federal land bank system, Farmer A is paying 2½-percent interest, while B, who is next door, is paying six?

Mr. NICHOLS. That is very true, and if you amend this bill and raise the rate of interest to 2¾ percent or some other percentage, certainly you will get it up to the point where it is profitable to issue bonds, and if you issue bonds, outside of the benefit that would flow from this set of figures, there will not be any benefit to the farmers of the Nation, because if this bill is to give them genuine benefit you have got to keep the rate of interest so low that it is not possible to issue bonds, but it is safe to issue currency or United States Treasury notes.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. REILLY. Then the gentleman admits that this is an inflationary measure?

Mr. NICHOLS. So far as I am concerned, I am for it because it is an expansion of the currency measure, and insofar as I am concerned I would be pleased if there were a provision in the bill which would stop the further issuance of tax-exempt Government securities. [Applause.]

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. RANKIN. The gentleman from Indiana [Mr. PETTENGILL], who made these figures, shows by his own figures that he does not understand the bill, for the simple reason that the farmers who profit would not be limited to the amount of $3,000,000,000.

Mr. NICHOLS. And I want to say at this point that something was said on the floor yesterday by a Member who said he controlled his own vote and was not influenced by any outside influences. I may say to you that I control my vote, too, and I am not supporting this measure because of any pressure put on me or any persuasion being used on me by the National Union for Social Justice or anybody else. [Applause.]

[Here the gavel fell.]

Mr. GRAY of Indiana. Mr. Chairman, while this bill is not a full measure of relief, it is a step in the right direction, and, if followed by other steps carrying the same low interest to home owners, it will bring relief from the slavery of debts, release the people's income from the exhaustive drain of interest and mortgages, and leave the earnings free for use as buying and consuming power.

THE GOVERNMENT FURNISHES THE MONEY

The enormity of the unjust discrimination against the people can be realized only when it is understood that the Government is printing the money, guaranteeing and standing behind it to make it good, and insuring its redemption, and then turning it over to private bankers for only three one-hundredths of 1 percent to loan to the people at 4, 5, 6 percent, or even a higher interest. When it is realized and understood that after turning this money over to the bankers, the Government is borrowing back the same identical money on bonds at 3 and 4 percent, and the people are paying millions for the use of their own money, the enormity of this injustice will appear.

PROVIDES A LOW INTEREST RATE

This bill is to require the Government, loaning this money issued to the Federal Reserve banks at three-hundredths of 1 percent to loan the money direct to the farmers at 1½ percent, or a percent 50 times more than the Government is charging the bankers for the same money. And yet, with the farmers offering to pay 50 times the interest charged the bankers, these private bankers are objecting and declaring such a low interest rate to the farmers would be "inflation." But the true and only reason appears that the bankers would not be getting the interest.

BONDS EXEMPTED FROM TAXATION

But this is not all to be considered. After the private bankers objecting gets the money for three-hundredths of 1 percent, or one-fiftieth of what the farmers are offering to pay in this bill, the Government exempts these bankers from all taxation on the money and bonds. But the farmers under the provisions of this bill are not only offering to pay 1½-percent interest, or 50 times more than the bankers are paying, they are further offering to continue paying taxes upon their mortgaged property, and are claiming no exemption as claimed and granted to the bankers.

THE GOVERNMENT WILL GET MORE AND THE FARMERS WILL PAY LESS

If this bill becomes a law today it will make this substantial difference: The Government will receive from the farmers $45,000,000 more money than from the bankers who are objecting. And the farmers will be paying $90,000,000, less interest, and the bankers will be taking no interest on the money loaned by the Government. This is the reason that this bill is being opposed by the lending bankers, the reason they are raising the cry of "inflation" and charging "unsound" and "bad" money.

The Government is issuing millions of money to the big banks and financial interests based upon whisky paper or distiller warehouse receipts. These lending bankers are taking this same money based upon distiller's warehouse receipts instead of upon improved farm land under this bill. The only difference, they collect interest upon the money, which makes them overlook so-called inflation and all the vicious evils warned of as "unsound" money.

OBJECTION OF CLASS LEGISLATION

A further objection urged against this bill is that it is class legislation, favoring the farmer over other classes of people. But this objection is more apparent than real. While it favors farmers directly, it favors all other classes no less indirectly, and to an extent substantially equal with farmers. While I am favoring an equal interest charge for all classes, home owners, and others as well as the farming and agricultural classes, yet there is no legislation pending today which will bring more certain and prompt recovery and create more employment to the laboring classes than to reduce the farm interest charge and help the farmers pay their debts.

THE PROBLEM OF CONSUMPTION

The problem today is a problem of consumption, a problem of the buying and consuming power, a problem of the power and the ability of the people to buy, take, use, and consume the products of factory, mill, and workshop. The problem of production has been solved but the problem of consumption remains for solution.

FARMERS MORE NUMEROUS AND DOUBLE CONSUMERS

The farmers are not only the more numerous consuming class but they are a class of double consumers over others. They consume not only what other men buy and consume for personal and family use in their homes, but they buy and consume an equal or greater amount over and above personal and family use for farm upkeep, equipment, and operations. These items over personal and family use and above what other men buy and consume, includes ropes, chains and pulleys, harness, wagons and farm vehicles, plows, harrows, rollers, and disks, binders, reapers, mowers, and rakes. These articles over what other men buy further includes roofing, paint, and lumber, fencing, concrete, tiling, and hardware and a thousand and one other articles and materials which other men do not buy or use and which keeps factories, mills, and workshops running.

By means of these double needs and requirements of the farm population of the country over what is consumed by other men for personal use, the 43,000,000 farm people of the country and dependents are equal to 70 percent of all other consuming classes and without which restoration of the farm buying and consuming power there can be no recovery from this panic.

FARM DEBTS AND THE CONSUMING POWER

It was farm interest, debts, and mortgages under the fall of farm values and prices which destroyed the farm buying and consuming power and brought on this panic or depression. It was under the same fall of values and prices that interest, debts, and mortgages were doubled, measured in farm products with which the farmers have to pay.

The effect of the fall of farm prices and values, which multiplied taxes, interest, and debts, was to absorb all farm earnings and income, destroy and take away the buying and consuming power of the great farm population and dependents. And only the payment and release of farm debts can bring a restoration of their power to buy and consume the products of factory, mill, and workshop.

Before the panic or depression came and during the time of higher prices and farm values, the farmers were selling not more than one-fourth or one-third of their products—corn, wheat, and hogs—with which to meet interest, debts, and mortgage payments and were left with the other three-fourths or two-thirds thereof with which to buy, take, and consume the products of factory, mill, and workshop. And with the proceeds of these two-thirds or three-fourths of their crops, with which to use as buying and consuming power, the farmers were taking all industry produced. All the mills, factories, and workshops were kept running. All laboring men were kept employed on full time, and prosperity was everywhere abroad in the land.

But when farm values and prices fell in 1920 and again in 1929, the farmers were compelled to sell and give up not only one-fourth or one-third of their crops to meet interest and make debt payments but ultimately compelled to sell four-fourths or three-thirds of their crops and produce of the farm, or the whole of their stock, produce, and crops, with

which to pay taxes, interest, and debts, and no part was left with which to buy, take, and consume the products of factory, mill, and workshop.

And it was this failure of the farm buying and consuming power, this taking of all farm earnings and income with which to pay interest, debts, and mortgages, which reached back through retail merchants, through wholesale and commission houses, and brought on a failure of orders and stopped the mills, factories, and workshops and threw 30,000,000 laboring men out of employment. It was this drain of interest and debts which took away and absorbed all the earnings and income from the farm and destroyed the farm buying and consuming power. And as long as this greater share and portion of farm earnings and income and proceeds continues going into the vortex or sink hole of farm interest and debts, there never can be a recovery from this panic.

UNTIL FARM DEBTS ARE PAID THERE CAN BE NO RESTORATION OF THE CONSUMING POWER

If there had been no farm debts to be paid when farm values and prices fell and if other values and prices had fallen in the same proportion as farm values and prices, there would have been no destruction of the farm buying and consuming power. But now, until farm debts are paid or substantially reduced and more of farm earnings and income are left free for use as farm buying and consuming power, there never can be a recovery or economic relief from the blight of this panic or depression. The release of farm earnings and incomes from farm debts will alone restore the farm buying and consuming power.

WHAT FARMERS REQUIRE TO PAY FARM DEBTS

A restoration of farm buying and consuming power requires first that the farmers be released from the drain of interest, debts, and mortgages and that all or greater share of earnings and income be left free to be used by the farmers with which to buy, use, and consume the products of factory, mill, and workshop. The payment and release of farm debts and mortgages first requires a lower interest charge, and, second, higher prices for farm products not only for a part or reduced crop but higher prices for a full, normal crop.

The farmers' debts and mortgages are largely renewal debts and mortgages and were made or contracted for under and based upon higher prices for a full, normal farm crop. A higher price for a part or reduced crop will not restore the farmer's power to pay his debts and mortgages contracted under higher prices for a full crop. Because what the farmer gains in price he will lose in reduced production.

THE VORTEX OF FARM DEBTS AND MORTGAGES

Without such lower interest rates and such higher prices for a full crop the farmer's income will continue to be absorbed in the vortex of interest, debts, and mortgages, destroying their buying and consuming power. Farm debts and mortgages will remain unpaid and will pass on as burdens upon the farmer's children. This Frazier-Lemke bill, now being considered, will give the farmers the lower interest required and a restoration of the money supply, secretly withdrawn from circulation, will restore farm prices and the power of farm products, wheat, and corn to pay taxes, interest, debts, and mortgages.

When the farm buying and consuming power is restored, when all or a greater part of farm proceeds are released and made available to farmers with which to buy, take, and consume the products of factory, mill, and workshop, the subterfuge plea of overproduction, with people starving and suffering will no more be heard in the land.

DEBTS EXCEED ACTUAL PROPERTY VALUATION

The public and private debt today upon which the people are paying interest directly or in some concealed form is estimated in equal amount and value to all the wealth and property of the country.

THE SLAVERY OF IMPOSSIBLE DEBTS

The people can never pay and be released from these crushing, monstrous debt obligations. They are under the slavery of impossible debt which will be passed on to their children and to their children's children.

Every man is paying today not only directly upon his own personal debts, not only upon his own farm or home mortgage, but he is paying upon the public debt and upon the private corporate debt covered and concealed in the increased price which he is compelled to pay for the necessaries of life. The farmers of the country are struggling under an impossible debt burden. They may be able to pay their debts, but not while using their income with which to live. Or they may be able to earn enough upon which to live, but not while paying their debts. They cannot both pay their debts and live.

AN OLD STRATEGY OF KINGS

The same old artifice or strategy has been resorted here today in an effort to defeat this farm-relief measure which the kings of old and royal rulers have used for 1,000 years to hold their people in subjection for the levy and collection of tribute from them. Whenever their people and subjects grew restless and revolted against their burdens of taxation and tribute exacted the kings would start a war, array the people against each other, and make them defeat each other and hold themselves in bondage and subjection.

BONDAGE OF THE ISRAELITES

The farmers of the country today are struggling under a yoke of debt slavery and bondage as galling as ever held upon the Israelites by Pharaoh. Substantially 80 percent of the farm acreage is under mortgage far toward the limit and the money lenders are exacting their interest tribute. Under existing farm conditions these mortgages can never be paid. The owners will struggle a lifetime in self-denial to pay interest and taxes but will pass beyond, leaving the burdens of these impossible debts still unpaid and weighing upon their children.

In order for the farmers to pay their debts they must have a lower interest rate and they must receive for their crops not only a higher price for a part crop but a higher price for a full crop upon which basis these mortgage debts were based and contracted for. This bill, if enacted into law, will give the mortgage-ridden farmers interest at 1½ percent which they can pay, and the new money going into circulation will raise farm prices substantially higher not only on a part crop or reduced crop but prices upon their full crop, both lowering their interest and increasing their ability to pay.

FARMS UNDER OR SUBJECT TO FORECLOSURE

Two million farms are now under foreclosure or are subject to foreclosure, and without which lower interest and higher prices for a full crop millions of farmers will become tenants and others will be left struggling, staggering on under crushing, impossible debt burdens.

The labor Members who signed the petition to bring the bill out of committee and to bring it out upon the floor and constituting a full majority of the House membership are now hesitating and wavering in their support. The old strategy of kings is working to divide the laboring masses and defeat this bill.

THE STRATEGY OF DIVIDING THE PEOPLE

And if this bill is defeated, it will not be defeated upon its merits, nor by the free will of the majority. It will be defeated by the strategy of dividing the labor membership here representing the toiling masses, the farmers in the field, and the workers in the shops. If this bill is defeated here today, it will be defeated by the same class of men, by the certain, special, crafty few who have always held the masses in subjection during the long, painful years of the past and by this same strategy and artifice of dividing the workers and making them defeat themselves.

And when a bill comes here for the relief of industrial labor, these same legislative manipulators will reverse their strategic maneuvers and seek to array farmers against laborers, to divide them and make them fight each other, and in this way they will continue their strangle hold upon the people.

A LESSON FROM THE EXAMPLE OF HISTORY

After long, tedious years of slavery and bondage and crushing, exacting tribute taken by the kings and royal rulers of

old, the people finally realized the folly of fighting and contending one against the other and, joining and uniting first in France, in Switzerland, and in America, they threw off the galling yoke of servitude and exacting tribute and won their freedom and independence, the right of self-government, and to determine their own affairs. And some day the people—the laboring masses—may take heed and learn a lesson from these great examples in history, from the people held under kings, from the people held in bondage and slavery, and join together in common cause and free themselves from the modern slavery—the bondage of debts.

The men who labor on their farms and the men who labor in the mills for wages under industrial taskmasters have the same common cause and interest at stake as the people under the kings and royal rulers of old and kept divided to hold them in subjection. This morning this bill was assured of passage. Enough Members had signed to bring it out. Enough Members had voted for its consideration. The Labor Committee of the House and the chairman and leaders of that committee had declared for this bill to help deliver the farmers from the slavery of debt.

A LEADER TO LEAD LABOR

But now at the psychological moment, during the heated debate upon the bill, and when the monstrous imposition of charging private bankers only three one-hundredths of 1 percent and denying the same money to farmers at 1½-percent interest, or 50 times greater than the bankers pay, a letter was secured and read to the House from a man assuming the leadership of labor, condemning the bill solely because it would raise farm prices, the object of which is to divide the farm and labor membership of the House and make them vote against each other and thereby secure the defeat of this bill.

If this old strategy of the ages can be carried out to defeat this bill and the laboring masses divided and made to defeat each other, certainly no great claim of progress under our boasted civilization and intelligence can be made for the people of the world today over the people of thousands of years ago.

BIPARTISAN LEADERS AND THE PEOPLE

But the people today are not only being divided and arrayed against each other as farmers against industrial workers, but they are being kept and held divided and arrayed against each other by arraying farmers and other workers of one political party against farmers and laborers of another political party. The farmers, regardless of party organization, have the same common interest and welfare at stake, and yet they have been and are being misled year after year to fight each other at the polls, and while thus fighting each other they have been chained down in debt slavery, impossible for them or their children to pay.

As long as the laboring masses, the men toiling on the farms and the men laboring in the mills, can be kept arrayed against each other, whether as different classes of people or as members of different political parties, they will remain in the bondage of debts to pay tribute as interest to their masters. And as long as the farmers will allow themselves kept divided and arrayed against each other by politicians and party leaders they will remain in hopeless debt slavery and bondage and their children will be left carrying the chains of interest charges and held in the bondage of staggering debts impossible to pay.

The Clerk read as follows:

SEC. 3. Farm Credit Administration is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness, existing at the date of enactment of this act, by making real-estate loans, secured by first mortgages on farms, to an amount equal to the fair value of such farm and 75 percent of the value of insurable buildings and improvements thereon, through the use of the machinery of the Federal land banks and national farm-loan associations, and to make all necessary rules and regulations for the carrying out of the purposes of this act with expedition. In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 2, line 13, strike out the word "farms" and insert in lieu thereof "farm lands"; page 2, line 19, beginning with the word "in", strike out all down to and including the period in line 3 on page 3.

Mr. LEMKE. Mr. Chairman, the first amendment is simply the correction of a word. In place of "farms" there has been some question on the part of some Members that that would mean the buildings as well as land and therefore make double valuation. So instead of the word "farms" we insert simply the words "farm lands."

That is the first amendment in that section.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. CELLER. Suppose a man owns a million acres. Can he come within the provisions of this bill with all those acres?

Mr. LEMKE. That is not germane to this amendment.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield for a question?

Mr. LEMKE. I yield.

Mr. BANKHEAD. There is no definition whatever in this bill of what constitutes a farm. In bills heretofore offered where the question of farm relief has been involved there has been a specific definition of what constitutes a farm. What is the gentleman's interpretation of what a farmer is under his bill to be entitled to the benefits of this legislation?

Mr. LEMKE. It provides for the same farmer, uses the same machinery, and will loan on the same land under the same conditions as the present Farm Credit Administration. This simply provides to refinance farmers, as already defined by law.

Mr. BANKHEAD. Regardless of the size of the farm and regardless of the nature of the products that he produces?

Mr. LEMKE. No. That is already limited by law to $25,000, I believe.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. This is an amendment to the Farm Credit Act?

Mr. LEMKE. Yes.

Mr. BOILEAU. And those definitions already appear in the law and apply to this act as well as to existing law, so that there is no ground for complaint in that regard.

Mr. LEMKE. That is correct. Now let me finish. I want to talk about the amendment, and not answer questions that can be answered later on. Then we go to line 19 of the bill and we strike out the words which have in mind a scaling down. We take that out, because those words seem to have been misunderstood by some Members. So in order to comply with the suggestion that there be no reference in this bill to the bankruptcy proceedings, we take all that part of it out. So we take out these words:

In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Those are the words taken out. We take out any reference to bankruptcy. So when we get through with this bill, we have nothing that refers to bankruptcy.

Mr. Chairman, I ask for a vote.

Mr. CELLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CELLER. Mr. Chairman, when we are told that this is a farm-relief measure, there is indeed a misnomer. The Farm Credit Administration very clearly told us yesterday, and the facts are undisputed, that only 15 percent of the farmers of the country will be benefited by this act. We are told that 66 percent of the farms in the United States are unencumbered. Mortgages on the remaining 34 percent amounted, as of January 31, 1935, to $7,770,000,000. Therefore the $3,000,000,000 provided in this bill would take care of less than 40 percent of the mortgaged farms. That would mean just this: Only 15 percent of all the farmers in the country would obtain benefits under this act at the expense of the other 85 percent of the farmers and all the other taxpayers of the country.

I come from the city of New York. We in the city of New York and the State of New York have voted fairly consistently for relief to farmers during the last decade. I personally never voted against a farm bill, except one, in my 14 years of tenure in this House; but when we hear that this bill only benefits 15 percent of the farmers at the expense of all other farmers and all of the other citizenry of the country, and when we further consider that all but the 15 percent of all farmers must foot the bills, it is time to call a halt. We of the city are not going to support you on a proposition of that sort. It is unfair; it is class legislation with a vengeance.

It is admitted now by the distinguished and honest gentleman from Oklahoma [Mr. NICHOLS] that this is an inflationary measure. That is the first admission we have had. Shall I say the truth has come out at last, and that this is an inflationary measure, involving in the first instance but $3,000,000,000? We are told beyond peradventure of doubt that this bill, if passed, will be followed by a similar measure to help the dwellers of the cities, to help the city owners of homes, and the total cost thereof would be $25,000,000,000. Will you stop with twenty-five billion? Of course not.

The history of the issuance of our continentals during the Revolutionary War, whence comes the phrase "not worth a continental", the history of France in 1789, the history of Germany a few years ago, all indicate the danger of toying with currency inflation. You plunge the population into the most acute misery. In all places where such measure as the Frazier-Lemke bill was tried the misery lasted over a decade. The first issue is always a small one and quite limited, but is soon followed by dozens of issues, and soon business becomes stagnant, capital more timid, yet always there is the cry for more and more issues of money.

The only ones who benefit are the speculators and the very rich. The poor become poorer, and the helpless become more afflicted. Usually dictatorships follow the orgy of inflation. Witness what happened in Germany, where Hitler became supreme; witness what happened in Italy, where Mussolini became supreme; witness what happened in France in 1789, when Napoleon ascended to power. It is easy for a dictator to lead into subjection a people made unhappy by inflation.

No one knows what tomorrow will bring forth. Nobody drinks to get drunk; but just as soon as you get on the toboggan of inflation, as admitted honestly by the gentleman from Oklahoma, you go the whole way. There is no stopping. You may sip inflation today, but tomorrow you are drunk with it. You may say this is only a bogey of inflation. It is no bogey. The menace is imminent. The danger is present. Once you pass this inflationary measure, there can be no stopping of similar measures.

Let me call your attention to this: In 1928 there was a bishop by the name of Cannon who injected himself into politics and tried to defeat certain candidates for political preferment. At the present time there is another gentleman stepping out of the pulpit into the political arena, thereby soiling his clerical robes. He tries to browbeat and threaten candidates for public office in various States, including my own. He boasts that he has defeated in several States numerous nominees. We must and should vote according to our own dictates, not the dictates of any pulpiteer. This particular cleric may be guided by the highest motives, but, nevertheless, his actions are dangerous. There is a marked cleavage between religion and politics. That cleavage must be maintained; otherwise Jefferson and our great patriots lived in vain. I shall wear the collar of no man, no class, no sect. Be no puppet for any man, be he rabbi, minister, or priest. I shall be no puppet to any one of them. [Applause.]

The CHAIRMAN. The question is on the amendment of the gentleman from North Dakota.

The amendment was agreed to.

Mr. RANKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANKIN: Page 2, line 14, strike out the following words: "to the fair value of such farms" and insert in lieu thereof the following: "to 80 percent of the appraised value of such farm lands."

Mr. RANKIN. Mr. Chairman, I do not care to take up the time of the House. I just wish to call attention to the fact that a great many Members have expressed the view that the bill ought not to be passed in the form provided for loans up to 100 percent of the value of the property. I have, therefore, offered this amendment to limit it to 80 percent of the fair value of the property. I offer the amendment, and I trust there will be no opposition.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. GILCHRIST. What is the last word of the gentleman's amendment? Is it "such land" or "such farm lands"?

Mr. RANKIN. It is "80 percent of the appraised value of such farm lands."

Mr. LEMKE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. LEMKE. I wish to state, Mr. Chairman, that the steering committee having this bill in charge has considered the amendment and is not opposed to it. The steering committee accepts the amendment. [Applause.]

Mr. RANKIN. Mr. Chairman, permit me to say to the membership of the House that this is simply an amendment that reduces the amount that may be loaned on any piece of farm land under this bill. Members who are opposed to it, or who profess to be opposed to it because the bill provided for 100-percent loans, I trust you will support the amendment.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. McFARLANE. The amendment the gentleman has offered reducing the limit to 80 percent provides for the same percentage of appraised value as now exists in the Home Loan Act.

Mr. RANKIN. Yes; that is correct.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman——

The CHAIRMAN. The gentleman from Alabama is recognized. Does the Chair understand the gentleman rises in opposition to the amendment?

Mr. BANKHEAD. Mr. Chairman, I prefer to rise for the purpose of supporting the amendment, because even the adoption of the amendment would in no wise change the basic principles of our opposition to this bill.

But I am rather curious to know why the author of this bill, after so many months of deliberation and consideration and after presenting to the Committee on Agriculture the absolute necessity for providing 100-percent loans, has so abjectly surrendered his views on this point.

Mr. LEMKE. Mr. Chairman, I may say to the gentleman from Alabama that we did that because we have a steering committee and because the Congress of the United States is writing the laws. On this steering committee we have Democrats, Republicans, and Members representing other groups, selected impartially. They have asked that this be done.

But I will say to the gentleman from Alabama that a 100-percent loan under this bill is safer than a 50-percent loan under the present Farm Credit Administration set-up with its higher rates of interest and payments.

Mr. BANKHEAD. I just wanted the gentleman to confirm the fact that he himself was still standing for a 100-percent loan.

Mr. LEMKE. Yes; but I am voting for this because I am guided by my colleagues on the committee.

The CHAIRMAN. The question is on the amendment of the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 120, noes 14.

So the amendment was agreed to.

Mr. McFARLANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: On page 2, lines 11 and 12, strike out the words "existing at the date of enactment of this act", and insert in lieu thereof "existing on the 30th day of April 1936."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

Is there objection?

Mr. MAIN. Mr. Chairman, I object.

Mr. JONES. Mr. Chairman, I modify my request.

Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Chairman, this is just a corrective amendment to place in the bill, a date certain when mortgages under the bill will become eligible. This date is fixed as of the 30th day of April 1936, rather than the date the act becomes effective.

Mr. LEMKE. Mr. Chairman, I may say the steering committee that has this bill in charge agrees to the amendment and accepts it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. McFARLANE].

The amendment was agreed to.

Mr. MAIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAIN: Page 3, line 3, after the word "be", strike out "made at the rate of 1½ per", and strike out line 4 and insert at the end of line 5: "and such payment shall be made according to an amortization plan providing for annual payments of $3 for each $100 or fraction thereof of the initial principal sum in each of such mortgage agreements. Out of such annual payments not more than 1½ percent of the principal from time to time remaining unpaid on the respective mortgage agreements shall be applied as interest, and not less than 1½ percent of the original principal sum shall be applied toward the retirement of the principal debt."

Mr. MAIN. Mr. Chairman, it is my understanding from the sponsors of this bill that it is their purpose and intent that the mortgage obligations entered into under this law shall be retired in a period of approximately 48 years. As I read the language of the bill as printed, it would seem to me it would require 66⅔ years to retire the principal.

The purpose of my amendment is to put explicit language in the bill which will clarify the thought which sponsors have in connection with the term "amortization plan", and thereby we will make specific and clear the intention and purposes of the bill so that payments to apply on interest shall be on a downward sliding scale and payments to apply on principal shall gradually increase from year to year and thus the principal may be retired in a shorter period than that suggested in the language of the bill as it now stands.

Mr. Chairman, I want to say that if a transaction involving the financing of illegal liquor can be used as a basis for issuing currency, I would hang my head in shame if I should deny to the farmers of the Nation the right to use the machinery of the Federal Government to issue currency backed up by their obligations.

Some may say that the I O U of Al Capone is entitled to a preference over and above the mortgage bonds of sober, industrious, God-fearing farmers of the Nation. May Heaven forbid that such a condition should continue to exist.

I realize that those who would justify the issuing of currency to finance bootleggers will say that the paper of Al Capone could be liquidated in a short time. But, Mr. Chairman, I consider that the obligations of the American farmer, even if deferred over a period of 48 years, are infinitely more essential to the stability of this Nation than the paper of Al Capone even if it can be liquidated in 48 hours.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MAIN].

The amendment was rejected.

The Clerk read as follows:

SEC. 4. The Farm Credit Administration is further authorized and directed to liquidate, refinance, and take up chattel mortgages and other farm indebtedness, existing at the date of enactment of this act, by making loans at the rate of 3-percent interest per annum, secured by first mortgages on livestock, to an amount equal to 65 percent of the fair market value thereof, such loans to run for a period of 1 year, with right of renewal from year to year for a term of 10 years: *Provided*, That any depreciation in the value of such livestock is replaced by additional livestock, and the amount of the loan is reduced 10 percent each year.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: On page 3, strike out lines 6 to 17, both inclusive, and renumber sections 5 to 19 as sections 4 to 18.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Texas.

Mr. JONES. Does not the amendment which the gentleman has just offered make the bill conform to the other amendment which has been adopted?

Mr. LEMKE. Yes; this makes it conform to the other amendment which has been adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. There is hereby authorized to be appropriated, out of any money not otherwise appropriated, $100,000 for the use of the Farm Credit Administration to carry out the provisions of this act. The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage, and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

Mr. KVALE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope I shall not take the 5 minutes allotted to me, for I well know the House is anxious to proceed with dispatch. So, instead of eulogizing those who have brought this bill this far—John Simpson, of the Farmers' Union, and his coworkers; the gentleman from North Dakota, Mr. LEMKE; Senator FRAZIER; and the others who with them have fought for the principles embodied in this bill for all these years—I propose to use my little minute to another purpose.

The measure has been amply championed on this floor, both during this debate and prior to it. Members of this body should know what it means, if they do not, for they have had sufficient opportunity. If their presence on the floor has permitted them to do so, they have heard from the lips of men like GOLDSBOROUGH, LEMKE, BOILEAU, BINDERUP, and others enough about the mechanics of the bill so that any expression that I might make would be needless as well as useless.

And we who are here well understand the attitude of the administration leaders.

The only thing I frankly cannot understand is the expression of the head of the American Federation of Labor, William Green, that has been read to us. That, to me, is some-

thing that will have to be lived down by him and his organization for long years, even though I hold the Federation itself without guilt. I say it as one who has without fail supported labor measures with the fullest conscience. It might well be labeled "traitorous" as far as I am concerned. I know he does not speak the voice of our Minnesota federation.

I realize our beloved MARVIN JONES, of Texas, who heads the House Committee on Agriculture, opposes us today. That is his privilege. He leads the oposition from a feeling of sincere conviction, and no one who knows him or has observed his activities could imagine him acting otherwise. But, Mr. Chairman, with all deference, I shall say that today I would prefer to follow others of the members of his committee, notably Representatives FULMER and BOILEAU, than to take his word in this controversy.

When my father came to this body, in the Sixty-eighth Congress—and God love his memory—JONES was third from the top on the Democratic side of the committee, under the leadership of Haugen, of Iowa. FULMER sat close to him, and those two are the only members of that then committee who now serve. They, the two, will recall the strife at that time for relief in the areas from which I come. Today they are divided in their opinions of this measure. I go with FULMER today.

But while my father served in this body, until 1929, he had nothing but the warmest admiration for MARVIN JONES, because JONES was one of those who had just as much interest in the dairy, the corn and hog, the wheat and flax, the diversified farmer, as he had in his own cotton and row farmer. The tenant threat even then was creeping upon the South just as it was enveloping us with deadly certainty.

Today we stand apart. But I feel that the bill, improved by amendments offered by LEMKE and others, will hold out hope to literally thousands in my State and area that have been giving in to the despondency and despair that attends a 15-year struggle against the loss of the homes that their parents and grandparents, as well as themselves, had housed and reared. This bill will give them hope. It will help the entire Nation at the same time.

This silly talk of wild and uncontrolled inflation need not be taken seriously, as is evidenced by the fact that the man opposing the bill who stresses that argument in debate is immediately followed by another who argues that the three-billion limitation is authentic. Then, again, those who argue that the interest rate is unfair lay themselves open to the accusation that they approve no affirmative action until all interest rates in all financial transactions have been leveled, and economists and sensible men know that is a long way off.

Mr. JONES. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. JONES. I just want to pay an honest tribute to the gentleman's father, with whom it was my privilege to serve a number of years. I respected him not only for his ability but for his industry. I have never known a finer or more lovable character during my service here. Agriculture has never had a better nor a more loyal friend. I am glad that my friend who has just yielded to me is following in his footsteps and has many of the fine qualities of his illustrious father.

Mr. KVALE. Mr. Chairman, despite the remarks that included the purported expression of President Green, of the Federation of Labor, and despite the vicious tactics that have been employed in opposition to this measure, I hope the House will give it approval and permit it to be considered in the other body of Congress. I hesitate to believe that, if there also approved, our President would veto the measure.

If enacted, it would restore homes and homesteads to thousands of deserving citizens, revive prosperity in thousands of community centers and small cities as well as throughout the Nation, and would recreate in the hearts of afflicted and patient farmers the conviction that the Government in Washington is finally doing something for them instead of doing something to them.

[Here the gavel fell.]

Mr. BIERMANN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. Yes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BIERMANN. Mr. Chairman, I rise to ask the proponents of this bill a few questions, if they will be kind enough to answer them. In section 5 I find this language:

> The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

I should like to ask the author of the bill what this includes, and, specifically, whether it includes losses that the Farm Credit Administration may incur in taking back farms?

Mr. LEMKE. No; it does not. It simply includes the administrative expenses in connection with the making of the loans—that is, getting abstracts and various collection charges, the same as at present in the Federal land bank under existing law.

Mr. BIERMANN. How does the gentleman propose to take care of losses? Say, under this act a loan of $100 an acre is made and the land shrinks in value to $50 an acre and the Farm Credit Administration takes it back, who absorbs that loss?

Mr. LEMKE. There are not going to be any losses under this bill; and who is taking care of such losses at present? Losses would be taken care of by prorating them among the borrowers, only under this bill we make it possible for the Government of the United States to make a profit for the first time in the history of the Nation by issuing its own credit.

Mr. BIERMANN. Then, the answer to my inquiry as to how the losses are going to be taken care of is that there are not going to be any losses.

Mr. LEMKE. I have said they would be prorated among the borrowers. A very small cost to each farmer.

Mr. BIERMANN. Will these necessary and actual expenses be added to the principal of the mortgage or will they be prorated as the interest goes on?

Mr. LEMKE. They will be prorated as they are incurred each year, and a pro-rata estimate is made, and when you pay the interest you pay the costs.

Mr. BIERMANN. And this amount will be determined each year and added to the interest charged the mortgagor?

Mr. LEMKE. Yes; as is done now.

Mr. BIERMANN. Has the gentleman an estimate of what this additional charge will be?

Mr. LEMKE. The additional charge will be considerably less than it is at present because of the extravagant way in which they have been sending out collectors under the existing law because the farmers cannot pay. Under this bill the farmers will be able to pay, and I would say that the cost would be between one-fourth and one-half of 1 percent per year.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. DONDERO. Does the proponent of the bill mean to tell the House that no man will know what his interest is going to be from year to year, and that it might be more or less, according to the amount of the administrative expenses?

Mr. LEMKE. No; we have nothing to do with that. The interest is fixed, but the farmer is paying the expenses of administration right now, and they figure about 1 percent when they make the loan for appraisals, abstracts, and so forth.

[Here the gavel fell.]

Mr. BUCKLER of Minnesota. Mr. Chairman, 5 minutes does not give a man any time to speak, and I do not expect that I can change any votes in this Congress. I am not attempting that, because there are some of you in here whose

minds cannot be changed. I know that God Almighty had this in mind when he created the earth and put man on it. This is one reason he set the span of life at threescore and ten years. He thought it was the only way he could change some of the people on this earth. Some of them are in this Congress at this time. [Laughter.] But, of course, you may have a chance to be born again and come back, but I believe some of you would have to be born twice before you could catch up with the times, because times have changed so rapidly that at least some of you should have been born 100 years ago to have been up with the times. [Laughter.]

I remember yesterday, when the big guns of this House put the lesser lights down here in the well. They thought, perhaps, it would be much better to sacrifice them than to sacrifice themselves; but today the big artillery had to come down here in order to beat the bill. I can tell you lesser lights that you have got to go back to the country for your votes. If you defeat this bill, the big artillery will take the credit and what you lesser lights will get is hell from your people when you go back home. [Laughter and applause.]

I was amused yesterday and also today when I saw such gentlemen as my friend, MAY, of Kentucky, and this young gentleman from South Carolina get up here and shed tears for the farmers of the Nation. Oh, my friends, it is too bad. Now, I am a farmer, and you fellows cannot fool me [laughter]; neither can you fool the farmers that are sitting in these galleries; and if you fool the farmers back home, they are bigger fools than I think they are. [Laughter and applause.]

This is not a political question. This is a fight with the money changers and their friends on one side and the farmer and his wife and children on the other. Your vote on this bill is one of the most important votes you will be called on to cast in this Congress. It is a vote that each one of your constituents are watching all over this Nation. You will be counted standing on one side with the money changers or on the other with humanity and the farmers of this Nation.

I would not like to say anything here that would hurt your feelings, but I doubt if you have any feelings to hurt. You Congressmen who are fighting this bill do not seem to have any sympathy for the farmers of this Nation.

A great many of your fathers fought to free the slaves of the South. I beg of you to free the farmer's wife, who is nothing more now than a slave.

Many of you Congressmen nursed the breast of a good farm mother. She got up at 4 o'clock, ran after you, and waited on you until 10 o'clock at night. Many of your mothers, no doubt, have gone over yonder, never to return, but if she could only speak to you she would say, "Vote for this bill to help the farm mothers that are still alive."

Many a farmer's wife has gone to her grave long before her time trying to pay the interest to these money changers.

The farmer and his family put in a whole season working to produce a crop. Through no fault of theirs there may be no harvest, and they lose all their labor, but the interest has to be paid. The money changers never knock off or lose anything. If the farmer cannot pay his interest they take the farm.

You made a great deal of ado these last 2 days about 60 percent of the farms that had no mortgage. I think those figures are not true; but if they are, so much the worse for you fellows that are fighting this legislation. The loan companies and bankers have taken 2,000,000 farms away from the farmers since 1920. Of course, they have no mortgages on them. A great many businessmen in the cities, that made their money in business, bought a farm as a hobby. This accounts for most of your farms that are without mortgages now. There is not over 10 percent of the farmers that own land and live on the farm that have their land clear. In other words, 90 percent of these farmers are saddled down with mortgages.

A year ago we had, in round figures, $5,400,000,000 in currency and today we have $5,800,000,000, an increase of $400,000,000 issued by the Federal Reserve, which costs them 27 cents per thousand dollars.

There is less than $1,000,000,000 in actual currency in all the banks in the United States. Still they say we have $28,000,000,000 to loan. Talk about inflation, that surely is inflation for the big bankers of this Nation.

When the farmers ask for the privilege of using $3,000,000,000, you set up an awful howl. There is no limit to what the Federal Reserve bank could inflate.

They have $18,000,000,000 in Government bonds, and if they saw fit, they could have $18,000,000,000 in currency printed, or they could extend the credit for that amount and many times over.

They have $6,000,000,000 in gold. They could extend credit for $15,000,000,000. Talk about $3,000,000,000 inflation.

Christ drove the money changers from the temple, but we still have them with us. The time will come when we will drive them out, and we will have an honest dollar. [Applause.]

Every few days some of you Congressmen try to defend these bloodsuckers, money changers, the old Federal Reserve Board, and Wall Street bankers. What have they done? In 1920 they deflated the currency and broke the farmers and the small bankers of this Nation. They have driven 2,000,000 farm families out of their homes, filled the poorhouses, filled the insane asylums, filled all the jails in the State and Nation, caused people to commit murder, others to commit suicide, and you sit here and deny the farmers a cheaper interest that would help to save their homes, put money in circulation, give employment to labor, and help business of all kinds.

If you are not careful, somebody else will be warming your seat and you will be standing on the outside looking for a ticket to get in.

Some of you Congressmen who are opposing this bill were born with a gold spoon in your mouth, and you are still feeding out of it. You have not had an opportunity to mix with the farmers and the common people. I do not like to condemn you for voting against this bill for the reason that you do not understand it. Some of you others, before you came here to Congress, were as poor as church mice, and perhaps would have been in the soup line by this time except you grabbed hold of the public teat and have been milking $10,000 a year out of the taxpayers. You would really be worth more to the Nation if you were cleaning up the waste behind a good herd of cows. [Laughter and applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 6. The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Farm Credit Administration, through the land bank commissioner and Federal land banks, as now provided by law, which bonds shall bear interest at the rate of 1½ percent per annum, if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock. These bonds, after delivery to the Farm Credit Administration, may, by it, be sold at not less than par to any individual or corporation, or to any State, National, or Federal Reserve bank, or to the Treasurer of the United States. And it shall be the duty of the Federal Reserve and National banks to invest their available surplus and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds.

Mr. LEMKE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 7, strike out first comma and all that follows down to the period in line 9.

Page 4, line 13, strike out the "duty of" and insert in lieu thereof "lawful for."

Mr. LEMKE. Mr. Chairman and members of the Committee, this amendment simply provides for the striking out of these words: "if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock", and where the bill reads "and it shall be the duty of the Federal Reserve and national banks" the amendment provides for striking out the words "the duty" and inserting the words "lawful for."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

Mr. PALMISANO. I object.

Mr. JONES. I ask unanimous consent that all speeches on this section and all sections hereafter be limited to 3 minutes instead of 5.

Several Members objected.

Mr. PFEIFER. Mr. Chairman, I move to strike out the last word. I rise for information. Am I to understand by this bill that insurable property, buildings, and their improvements on farm lands can be taken care of to the extent of 75 percent of the valuation of the buildings? I am conscious, as you are, that buildings on farm land do not only pertain to buildings which may be called a home and a barn but on some farm lands there are such buildings as churches, homes for the disabled, homes for the aged, agricultural schools and colleges. I would like to know if these buildings will be permitted to receive 75 percent of their valuation.

Mr. LEMKE. All these things are taken care of in the Farm Credit Administration. The provisions of that act will continue with the help that they will have when we get this money to do it.

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman and Members of the Committee, I have listened with a great deal of interest to the discussion on this bill, due largely to the fact that I come from that section of the country where the people are unanimously in favor of the Frazier-Lemke refinancing measure, and to the further fact that I sincerely feel this to be the most important piece of legislation ever presented to this Congress. It seems to me such legislation is actually vital to the welfare of the Nation and will prove of tremendous political significance. By this vote we express our sentiments as to whether or not we favor the farmer retaining his home, or favor helping him to find his way to the dole, along with the 20,000,000 already there. It occurs to me that most of the argument that has been made for and against this bill has proceeded upon the wrong basis. We ought not talk about this as an investment matter of a commercial nature. If I judge the sentiment right, money loaned to farmers to save their homes is an investment in the security of the Government of the United States and in the perpetuity of the institutions under which we live. [Applause.]

Of course, I do no know anything about conditions in the big cities, but I do not think it is material. This is what happened last year when we had under consideration the H. O. L. C. bill. We appropriated an additional $1,750,000,000 to you. You did not claim in this discussion that that money was to be borrowed by the owners of the property in the cities. It was freely admitted here that that was added to the former $3,000,000,000 that had been paid by the Government of the United States to save the building-and-loan companies from failure. God knows I sympathize with you men who live in the cities. I have not been to many big cities, but I want you to have your homes secure, just as the farmers of this country must have theirs if we continue as a government.

Do you know that out in our portion of the country the farms of Oklahoma, Kansas, Colorado, and Texas are fast going into the hands of mortgage companies? They are the ones who received the benefits under the A. A. A. simply because the farmer was driven off by foreclosure. The Farm Credit Administration and the Federal land banks, of which the gentleman from Texas spoke today, while they were of some benefit to the farm people out there for a while, have of late been a complete dud. I can give you illustration after illustration of a man who has a farm worth ten or twelve thousands dollars who has a mortgage on it for $2,500, and he cannot have it refinanced because the appraisers will not let him do it. The security is too good and the mortgage company wants the farm. On the other hand, if a man has a farm that is worth $5,000 and he owes six or seven thousand dollars on it, the Federal farm-loan bank will jump in there and save the mortgage companies. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I have listened attentively to the arguments in favor of this bill. To my mind, this is not a farm loan bill. It is more or less a banker and insurance company bill. The fact that the gentleman from North Dakota has recommended and offered an amendment to strike out chattel loans, which will help the poor tenants who are unable to obtain any loans at all, shows, to my mind, that it is an insurance company and banker loan, in order that they might collect from the Government mortgages which they now have on farms that have depreciated considerably.

Mr. BINDERUP. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. No. The gentleman had 22 minutes and did not yield to anyone.

Now, the question has been put to the gentleman from North Dakota why he did not include city loans. The reply was, "Well, introduce a bill."

That reminds me of when I was a member of the Legislature of Maryland. The city of Baltimore paid 65 percent of the State taxes. We had a bill before the legislature asking for $7,000,000 for loans, and of the seven million we asked two million for Baltimore City. The contention was, "No. We will give you $1,200,000 out of the $6,200,000." In other words, 20 percent. Some of the members of the legislature who came to me said, "Why, PALMISANO, we are glad to vote for a bill if you will only put it in a separate bill. We know you are entitled to it, but you ought to do it in a separate bill. We cannot vote for it jointly in this bill." That is the same argument today that the gentleman from North Dakota makes—"introduce another bill." And when that other bill comes before the House the very gentlemen who are advocating this bill will run away from the bill that would put the city man on an equality with the farmers.

I hope this bill will be defeated, and if there is to be considered another bill to put the home owners' bill in with the farm, then perhaps a point of order will not be considered. But as it is today we are unable to offer an amendment to include the home owners' loans. I hope the bill will be defeated at this time and that in the near future we can consider a farm loan bill together with a home owners' loan bill.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURDICK. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I am sure this indulgent House will give me 3 or 4 minutes to defend ourselves as two orphans in this House. Many Members on the Democratic side have objected to this bill because it has been introduced by a Republican. About the time we thought we would have some support from the Republicans, along comes the distinguished gentleman from Massachusetts [Mr. GIFFORD] and disclaims any connection for the authorship of this bill.

I think it was from New England a few years ago that one of your Senators said we were the "wild jackasses" of the Northwest. If this is true, it is true only because our ancestors came from New England. [Applause.]

I will tell you the kind of Republicans we are. We are the kind of Republicans who, when we feel the President of the United States is right, are not afraid to stand up and vote with him; and we did that last year on the power company bill when about one-third of you Democrats ran out and deserted him. That is the kind of Republicans we represent in our State.

(Here it started to rain and hail, and the speaker stopped.)

Mr. BURDICK. No damned wonder it is raining! I knew we could do something on this bill. We made it rain. [Laughter and applause.]

As a precedent for money affairs, let me quote the Republican Party on the handling of gigantic financial matters. We lent a great deal of money to foreign countries during the war. At the time of settlement it amounted to $11,000,000,000. The Republicans of this Nation settled it as follows. Let us see if there is any business precedent behind this question of relief for the farmers of this country. We lent Great Britain $4,715,000,000, and the Republican administration settled that at a discount of 30 percent, and reduced the interest from 5 percent on demand to 3.3 percent payable in 62 years, and England has been so satisfied with the settlement that we have paid out to support the English, through loans in this country, more than England has paid us since 1922, the huge sum of $1,507,000,000; and the people of America paid it!

In the case of France they owed us $4,630,000,000. We gave her a discount of over 60 percent, and reduced her interest charge from 5 percent on demand to 1.6 percent payable in 62 years.

In the case of Italy, who owed us $2,000,000,000, we gave her a discount of 80 percent, and reduced her interest from 5 percent on demand to 0.4 percent payable in 62 years; and Italy has been so satisfied with the Republican settlement that she has not paid us a nickel since. [Applause.]

[Here the gavel fell.]

Mr. BURDICK. Mr. Chairman, in addressing the House I was given permission to extend my remarks on the subject of the farm-debt question and the Frazier-Lemke farm-debt refinance bill then pending before the House. In accordance with that authority, I submit the following statement:

First, I desire to call to the attention of the House my speech on this subject found on pages 7125 to 7128 of the CONGRESSIONAL RECORD, May 12, 1936. Next, I desire to call attention to remarks made by me and found in the RECORD under date of August 6, 1935. This last statement referred to contains a full and complete analysis of the farm situation and the tables of figures contained therein are most germane to the question now discussed. As a last preliminary to what I now wish to say, I call attention to extension of remarks made by me on February 28 and found on pages 3008, 3009, and 3010 of the CONGRESSIONAL RECORD, which discusses the failure of the Farm Credit Administration to be of further service in the refinancing of the unfinanced farm debt.

On the very day that this bill first came up for consideration—May 11, 1936—the Governor of the Farm Credit Administration mailed to every Congressman a memorandum giving reasons why the Frazier-Lemke farm-debt refinance bill should be defeated. Mr. Speaker, that memorandum is an amazing statement when compared with the testimony of Governor Myers given before the subcommittee of the Committee of the House on Appropriations during this present session of Congress. It is more amazing still when compared to the actual figures on the farm-mortgage debt, the rate of foreclosure, and the number of farmers who are still unable to secure the refinance of their loans. I do not believe it possible for any fair-minded person to come to any other conclusion than that this memorandum is positively misleading; that it contains misinformation, exaggerated statements, and assumes facts not in any degree involved in the present bill; that the arguments made in it are fallacious; that it sets up figures that are absurdly untrue and in direct conflict with what this same witness said before the Appropriations Committee; that the witness either deliberately misrepresented the situation or did not know the situation of the farmers. In either event the memorandum was misleading and cunningly gotten up to defeat the measure. Now, let us look to the facts:

Page 1 of the memorandum, Governor Myers:

> If the total farm debt and the total debt of urban-home owners eventually were to be refinanced under H. R. 2066, or similar legislation, over $25,000,000,000 would be required.

The bill did not provide for the refinance of urban-home owners. What did Myers make this statement for? Merely to prejudice Members of Congress. He wanted to hold up to them in a subtle way the horrors of inflation. This was an unfair statement and Myers knew it when he made it.

> Mr. CANNON. You say that farm values declined, and the value of the dollar during that time steadily increased, and it was harder each year to raise the interest.
>
> Mr. MYERS. That is right.
>
> Mr. CANNON. The farmer produced the same amount of stock and grain but the dollars he received were fewer.
>
> Mr. MYERS. In general that is true, especially since 1929.
>
> Mr. CANNON. Would you say the situation justified an inflationary policy?
>
> Mr. MYERS. I do not think my answer would be worth much, but may I say that I think conditions justify a restoration of stability of prices. We hope the approximate level might be maintained in the future, in order to avoid wide fluctuations both up and down.
>
> Mr. CANNON. Your position is that the farmer who borrowed a sum of money in 1920 which he could have paid back with a hundred hogs of standard weight and quality, should not be required, because of fluctuations in the dollar, to pay back 150 of such hogs.
>
> Mr. MYERS. I think the welfare of agriculture requires that the purchasing power of farmers' products remain as nearly level as possible from one period to another.

Compare this dialog with the statement of Myers on page 9 of his memorandum. He says:

> Similarly, 458 bushels of wheat met the interest bill in 1935 compared with 1,826 bushels in 1932.

Myers knows that these farm mortgages were not made in 1932, but way back before that, and an honest comparison would have included the number of bushels required to pay interest when the money was borrowed compared to the number of bushels required to pay the interest now.

I submit we want to know what happened to the farmer since 1920. Others may date their depression from 1929, but the farmers date their depression in 1920 and definitely fix the date as May 18, 1920. That day the Federal Reserve Board in the city of Washington broke the entire agricultural country by the adoption of a resolution increasing the discount rate. This resulted in calling farm loans all over the country. Prices of farm products, farm lands tumbled, but the debt remained unimpaired.

VALUE OF FARM PROPERTY

As the prices increased for the farmer's overhead expenses and the goods he purchased and at the same time the national income was becoming less and less and the farmers' percentage of that decreasing, we are not surprised to learn what became of the farmers' accumulations in farm property during the same period. This table tells the whole story. Value of farm property in:

1919	$79,000,000,000
1920	66,316,000,000
1929	58,000,000,000
1930	47,880,000,000
1932	37,027,000,000
1933	30,151,000,000
1934	31,655,000,000

During the same period the amount of interest increased:

1920, interest paid by farmers	$250,000,000
1935, interest paid by farmers	600,000,000

During the same period taxes increased:

1920 taxes	$452,000,000
1935 taxes	600,000,000

Myers states that the present farm indebtedness is $7,770,000,000.

The following table shows the farm indebtedness to 1934:

Farm debt

Year	Debt on lands	Other debts
1920	$7,857,700,000	$3,100,000,000
1925	9,369,620,000	4,305,000,000
1928	9,500,000,000	4,600,000,000
1932	8,500,000,000	3,910,000,000
1933	(1)	3,500,000,000
1934 [2]	8,200,000,000	4,100,000,000

[1] About the same. [2] Acre mortgage had trebled since pre-war.

This would indicate that the farmers were paying off their mortgages and were actually in better position financially now than in 1928. This important fact should be remembered that from 1928 to 1933 foreclosures and forced transfers greatly increased, and as each foreclosure or forced sale was made, that indebtedness was washing out and to that extent reduced the amount of outstanding mortgaged debt.

The proof of this statement is found in the figures published by the Bureau of Agricultural Statistics, House Document No. 9, Seventy-third Congress. An examination of these figures indicates that since 1920, 40 percent of all farm homes in America were either foreclosed, transferred to settle debts, or lost under delinquent tax sales.

Myers knew that the recorded debt on farms does not tell the story of the farm debt. On page 8 of the memorandum Myers says:

> The total scale-downs since May 1, 1933, are estimated at approximately $200,000,000. This is what actually happened. The Federal land banks would not close a loan unless the farmer could get his creditors to agree to take less than they actually had coming. The Federal land bank and all other Government agencies could not, under the law, make a discount, so the discount fell upon the general creditors.

With this knowledge, Myers knows that the recorded debt against farms does not tell the story of the farmers' debts. On page 2 he says, "The Federal land-bank system will be ruined by this bill." Let us see if it is not about ruined as it is, so far as helping any more farmers. Page 969, hearings, Myers said:

Loans made in 1934	$1,292,392,637
Loans made in 1935	449,412,704

Since 1935 the loans have been constantly declining, until today in some land-bank areas the officers tell you they have practically suspended. On the security offered and the appraisement they can make no more loans.

Myers admits this on page 957 (hearings). What is the land bank doing then? Myers tells you on page 970 (hearings):

> With the passing of the emergency the Federal land banks are not required to place as much stress on the making of loans and are, therefore, enabled to give greater attention to collections and real-estate operation.

He means the banks have practically quit loaning and are collecting, foreclosing, and selling out the foreclosed land. On page 3 of his memorandum, Myers says, in regard to foreclosures:

> During 1926, it is estimated that there were 18.2 foreclosures per thousand farms in the United States. In 1932 the figure reached 38.8 foreclosures per thousand farms. By 1935 the number had decreased to 19 foreclosures per thousand farms.

Let us see what the actual record is—page 941, hearings. Tables submitted by Myers himself:

Foreclosures and acquisitions of properties by the Federal land banks, 1930–35

Year	Number of outright foreclosures	Number of acquisitions by voluntary deed	Other acquisitions [1]	Total number of properties acquired
1930	[2] 4,645		71	4,716
1931	[2] 7,396		413	7,799
1932	[2] 10,039		1,369	11,408
1933	5,577	1,039	952	7,568
1934	4,024	756	1,095	5,875
1935	9,964	1,488	1,576	13,028

[1] Includes real estate acquired in trade, purchase-money mortgaged, foreclosed or canceled by deed, cancelations of real-estate sales contracts, and abandonments reacquired.
[2] Includes cancelations by voluntary deed, break-down not available.

When was Myers telling the truth? Was it when he presented figures showing conclusively that 1935 was the banner year of all years in foreclosures in the Federal land bank system, or did he tell the truth when he said in his memorandum that foreclosures declined in 1935?

Let us leave Myers and his fictitious figures and put in some that approximate the real situation in reference to foreclosures. I give them by States. The figures represent the number of farms per thousand that were foreclosed in the area having 39 percent of farm mortgages.

	1933, per 1,000	1934, per 1,000	1935, per 1,000
Illinois	44.6	33.8	21.7
Minnesota	59.1	37.5	24.3
Iowa	78.3	54.3	37.3
Missouri	51.2	36.1	29.0
North Dakota	63.3	31.3	18.9
South Dakota	78.0	64.2	62.4
Nebraska	58.2	45.8	41.0
Kansas	52.7	48.0	40.7
Mississippi	47.6	41.5	27.6
Oklahoma	44.7	23.7	16.4

To really show to what length Governor Myers went in misrepresenting the Federal land bank, look at page 1 of his memorandum:

	Percent
Total charges in Lemke bill	5
Total charges (Federal land bank)	4

In the very next paragraph on the same page he says:

> Low interest rates (under the Lemke bill) granted to a part of the farmers would place the remaining farmers * * * under a tremendous handicap.

First he artificially raised the interest cost in the Lemke bill and lists as charges the entire cost. After getting the charges up beyond the present Federal land bank rate—to drive votes away from it—he then proceeds to throw a scare into the farmers because of this cheap rate. Finally he caps the climax and asserts, page 1, paragraph 2—memorandum:

BENEFITS ACCRUE TO LESS THAN 15 PERCENT OF FARMERS

Let us examine the facts:

Number of farm people (living on farms) 1935	32,779,000
Number of farms in United States (last available report)	6,812,350
Full owners and managers	3,258,328
Renters and contract holders	3,554,022
Total	6,812,350

Forty-nine percent of the farms in the United States are owned by the tillers and their managers.

Fifty-one percent of the farms in the United States are not owned by the tillers.

If we can help 51 percent of the tillers to own a farm—and this bill makes it possible—why did Myers say we could help less than 15 percent of the farmers? We are rapidly developing into a land of farm renters. Whenever a farmer loses his farm on foreclosure he usually, for a year or two, becomes a renter, and then is finally ousted and goes to the cities and villages and lives on relief or friends or displaces some other worker.

If we were to finance the farm debt existing in 1920 and which was never paid, but 40 percent of which has been foreclosed, the farm debt today would be $20,440,000,000, even assuming that the taxes and interest had been paid. When Myers says the farm debt is now only $7,700,000, two obvious facts come to mind: First, the statement is not true. I have submitted a table of the farm indebtedness in 1934, showing it to be over $12,000,000,000. That includes other debts beside the recorded debt on farms, but Myers should include this, since he takes credit for debt adjustments on all debt of $200,000,000.

All will agree that the number of farm mortgages paid during 1935 was a very small percentage. If the farm debt has decreased since 1934, it is due entirely to the foreclosures that have taken place during that year. Every time a foreclosure is made the recorded debt is wiped out, or at least charged off. The creditors, including the Government, still pursue the unfortunate debt wretches with deficiency judgments. Therefore the more foreclosures there are, the smaller the recorded farm debt will be. I am now thoroughly convinced that if Governor Myers can pursue his policy of foreclosures, which demonstrates an increase of 120 percent in 1935 over the year 1934, that the farm debt will soon be wiped out.

The recorded farm-mortgage debt today is approximately $8,400,000,000. We can reduce it by deducting the number of sheriffs' certificates held by insurance companies and the Federal land banks, but those certificates are still subject to redemption, and neither Meyers or anyone else has a right to deduct them from the debt.

In all the years the Federal land bank has been operating the outstanding amount loaned as of December 1, 1935 was $2,866,651,139, and remember this includes commissioners loans which tie up the farmers' personal property as well as his land. If we considered strictly land loans, the account would stand, commissioners loans deducted, $794,726,418; total, $2,071,925,721—and that is only a little over 24 percent of the mortgage debt.

The balance of the farm-mortgage debt is carried by insurance companies, banks, and private individuals, and fully 67 percent of that is due or carried on short-time extensions.

Mortgage debt held by the Federal land bank (round numbers)	$2,000,000,000
By banks, insurance companies, and individuals	6,400,000,000
Total	8,400,000,000
Of this $6,400,000,000 held by others, 67 percent is due or carried on short-time extensions	4,288,000,000

In other words, 50 percent of the farm-mortgage indebtedness is either due and ready to be called, for which no financial help in refinance has been offered. The Federal land bank having taken the cream of the loans, we can well imagine that there appears to be no help to be given to the farmers in America who sustain 50 percent of the farm-mortgage debt. Two million farm homes are affected and 10,000,000 farm people.

Myers says 66 percent of the farms are not mortgaged. That includes largely land that is rented. The Federal land bank foreclosed in 1935 over 13,000 farms. Of course, they are not now mortgaged; they are clear. Everyone who forecloses land owns land that is clear. Forty percent of all farms in 1920 have been foreclosed since that date. They are clear. All farms will be clear just as soon as Myers and his allies can clean up the rest of the farmers. There will then be no farm-mortgage debt to bother anyone. If farmers then ask—the real tillers of the soil—to get help to finance the farm debt, Myers will tell them there is no farm debt; the money is not needed.

Getting right down to business and cutting out all of these fanciful and juggled figures indulged in by the Governor of the Farm Credit Administration, we know that there are at least 10,000,000 farm people whose homes are in jeopardy and whose homes will be taken away from them in the next 3 years unless we get a Congress that will listen to the farmers and the facts.

Will unemployment end? Never, as long as we force these millions of farm people into the cities. William Green committed an enormous crime against the workers of this Nation when he condemned a plan that will keep the unemployment ranks from being augmented by millions. The administration committed the blunder of the ages in refusing to help the farmer save his home. Relief expenditures will and must increase. The Republicans—72 percent of them—in Congress helped the administration—the very ones that complain the most against the extravagant expenditures of the Democratic administration—the very ones who shout, long and loud, "My God, the Budget isn't balanced." Who is going to care about the Budget as long as we have hungry people?

In my limited way I have tried and tried to point out in this Congress the necessity of saving farm homes, but my appeals mean nothing. Other Members have made appeals, but to no avail.

What the future holds in store I know not, but I will gamble my life that no republic can long endure when good, honest tillers of the soil must be dispossessed and driven into the soup lines. It may be possible to continue to abuse the aged farmers whose possession of farm homes dates back 150 years—but neither this nor any other government can thus subdue the youth on those farms—the very cream of all our inhabitants of the United States. We are playing with fire when we try it.

What I say here is not said in any partisan spirit. I give to the Democrats what is due them. They have done much for the relief of farmers, but not enough. They have relieved the pain in a degree, but have not touched the cause. The Republicans when in power did neither. Neither party, as such, is fully aware of what is wrong, or willing to cure the trouble if it knew. Party squabbles will not settle the matter in the slightest degree. When the Democrats are in power you can prove by every Republican that the Democrats are incompetent, and when the Republicans are in power, no proof is necessary. What I have to say here will not influence a single Member, but I cannot resist the impulse to say it.

Mr. KNUTE HILL. Mr. Chairman, the merits of this bill have been discussed pro and con and the time allotted to me is not sufficient to go into it. I shall deal only with two or three issues.

One of the arguments advanced against the bill has been on the ground that it is inflationary. We who are backing this bill contend that it is controlled inflation, not anything that is dangerous. Most of you Members who have been in this Chamber for several years remember our former colleague, Lewis W. Douglas, a Representative from Arizona, who later was Director of the Budget. I believe you will agree with me that he is at least considered a proponent of sound money. Listen to what he was quoted as saying with reference to the proposition when we wanted to issue Treasury notes for the payment of the bonus. I read from the Kansas City Star:

BELIEVE IT OR NOT—GREENBACKS VERSUS BONDS

There is no fundamental difference, says Lewis W. Douglas, former Director of the Budget, between the issuance of new currency, virtually greenback money, and the issuance of Government bonds which represent more public debt. The lack of essential distinction, he shows, arises from the fact that the Nation's currency, Government bonds, and Government checks are alike "pieces of paper." In short, the country is not legally on a specie basis, its currency being no more redeemable in gold or silver than are its bonds. Therefore the former Director of the Budget sees no more reason to become alarmed about paying the bonus with "new money" than about paying it with baby bonds. Yet the difference, if not fundamentally different, is different in its "psychology." The issuance of greenback or printing-press money would immediately be seen as outright inflation and fears would be aroused accordingly. The other process, the issuance of bonds, is more subtle, less obvious.

In other words, we issue bonds in this country, but the people do not consider it inflation because they are fooled; but when we come out openly and ask for controlled inflation then they say it is dangerous inflation.

Another criticism is on a partisan basis, objection being made that the bill was introduced by a Republican Member of this Congress; yet it is well known here that he and many of those with him on the Republican side supported Franklin D. Roosevelt in 1932 [applause], and without that support he never would have been nominated and elected. But aside from its authorship let us see if this is not really a Democratic measure. The Democratic Party has always been the friend of the farmer. Its 1932 platform promised reduced rates of interest and relief for the farmer. This bill has been endorsed by 32 State legislatures, a majority of which are Democratic. It was passed by a vote of 18 to 5 by the House Agriculture Committee, with a Democratic majority. It was passed unanimously by the Senate Agriculture Committee, with a Democratic majority. The petition to discharge the Rules Committee was signed by 150 Democrats, and would have been signed by many more Democrats but for the interference of party leaders. This would be a majority of the House Democrats.

A letter from William Green, president of the American Federation of Labor, has been injected into the debate. Unfortunately too often leaders of national organizations do not represent the rank and file. On labor legislation I would rather follow CONNERY, of Massachusetts, and CROSSER of Ohio, than Mr. Green. On veterans' legislation I would

rather follow PATMAN, of Texas, and RANKIN, of Mississippi, than Commander Belgrano. We could go on, but this illustrates my point of view.

The two large groups whose purchasing power has been destroyed during the past decade, the farmers and laborers, are the forgotten men. Their interests are common. They have been kept apart by exploiting interests. Until they unite and drive from power their common enemy they can never succeed in getting real relief. Aesop has been quoted today in the "dog and his shadow" fable. Let me call your attention to another of his fables, the one where while two dogs were fighting over a bone a third stole away with it. It is a sad commentary to note that the nominal head of the A. F. of L. should see fit to inject dissension between labor and agriculture and thus permit the big industrialists and the bankers to continue to "steal away with the bone." But in spite of the Greens, I, for one, will continue to support labor legislation and strive for united efforts. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have no apology for giving my enthusiastic support to the pending Frazier-Lemke measure proposing to refinance farm mortgages. Let me say at the outset that I do not propose to be stampeded now because certain House leaders are opposing this measure. [Applause.]

I have a profound respect and deep affection for the leadership of this House, but I have my own responsibility, just as the leadership has its responsibility. I am voting today as my conscience dictates. I have been as regular, I will say to the gentlemen on the Democratic side, as most of the Democrats of this House. I have been glad to follow the leadership of this House when I believed it to be right, but have not hesitated to differ with any of my Democratic brethren when in my judgment they were wrong. I have been glad to follow our great leader in the White House, and although many insinuations have been made it is significant that no one has stood on the floor of this House today and said the President is against this measure.

Nearly every speaker who has opposed this legislation so far has insisted that this is class legislation. That has been their theme song. But we all know that when the farmers prosper all business prospers. It is also just as true that when the farmers are hard pressed and broke that their calamities are reflected in all business enterprises everywhere.

It is a matter of common knowledge that farm tenantry has been on a decided increase during the past decade. Hundreds of thousands of our industrious, honest, and capable home owners, through no fault of their own, have been thrown into bankruptcy. They have seen their life savings swept from under them during the past several years because of the unreasonably low prices of farm commodities, high taxes, and high interest rates. All of these have made it impossible for thousands of farmers to clothe and feed their families.

In the State of Oklahoma more than 62 percent of all the farms are now being tilled by tenant farmers. We have in our State over 133,000 tenant farmers. Much of this land on which these tenants eke out a bare existence is owned by the big mortgage and insurance companies. It is significant that for the most part it is our most fertile lands that are encumbered with heavy farm mortgages. In several of the surrounding States the percentage of farmers who have been driven from their homes is even larger than in Oklahoma. More than 80 percent of the farmers of Oklahoma have their farms mortgaged. In fact, there are only about 23,000 farm owners left in Oklahoma. Oklahoma farmers owe a total of $60,931,000. The situation is similar in many other States, especially in the South.

Many opponents of this measure have held up the Bankhead-Jones bill as a solution to our problem. For several months some of us have been advocating the passage of the Bankhead-Jones farm-tenant bill. If passed, it would bring a measure of relief to a large group of farmers. It is a progressive bill that the farm tenants of the country have been anxiously looking to this Congress to pass. But we know that the Bankhead-Jones bill has been sleeping peacefully in the Committee on Agriculture several months, and in spite of the efforts of many of us to get action on it that it is not on the calendar and not in the legislative picture so far as this Congress is concerned. Of course, that bill, if passed, would not reach thousands of distressed farm owners who are facing bankruptcy and who would be helped by the pending bill. But it would have shown at least a disposition on the part of this Congress to assist a large group of needy homeless and helpless farmers who are about to give up in despair.

If we are to have a happy, contented, and reasonably prosperous citizenry, we must have a people of home owners. In the breast of every farmer of America who does not live under his own roof is that yearning for a comfortable home for himself, his wife, and children. If farm tenantry is ever to be eradicated and if the deplorable unemployment situation is to be solved in America, this Congress now or at some future date must enact legislation that will make it possible for the millions who yearn for an opportunity to do so to actually own and farm their own farms. We cannot side-step the issue. We cannot, ostrichlike, stick our heads in the sand and ignore this perplexing and all-important problem much longer. This Congress has the opportunity today to really do something worth while for our farmers. Your vote on this measure today will speak much louder and will be appreciated infinitely more than honey-coated speeches and beautiful eulogies to the distressed farmers of your district. [Applause.]

Several of the opponents of this legislation have criticized what they call defects in this bill. The pending measure may not be perfect. Within the past few days certain amendments have been agreed upon to strengthen and clarify the measure. Possibly other amendments will be added before it is voted on today. One thing we do know, it is a sincere effort on the part of a large farm group, irrespective of partisan politics, in and out of Congress to give the farmer a square deal. [Applause.]

The pending bill provides, among other things, that farm mortgages shall be refinanced by existing governmental machinery at an interest rate of 1½ percent and also 1½ percent on the principal each year. It would take 47 years to amortize his loan at this rate. In 47 years the farmer could pay off his mortgage if the Frazier-Lemke bill becomes a law. For example, on every $1,000 borrowed the farmer would pay $30 a year for a period of 47 years.

It cannot be denied that under this bill the Government would have a safe loan. It is conceded that a first mortgage on land is the best security possible. This Government would get back not only every dime loaned to the farmer but also a small rate of interest totaling over $1,000,000,000. So the farmer is not asking for a dole. He is not asking for charity. He is simply asking his Government, that has been so magnanimous to the big banks, insurance companies, railroads, and other big corporations, to give the broke and distressed farmers real farm relief.

Some of the self-admitted statesmen of this House have been rather bitter in their criticism of this farm refinancing bill. It has been held up as wild inflation, as being impractical and unsound. Yet the record shows that some of the same gentlemen have evidently considered it statesmanship and economically sound to give governmental aid and straight-out subsidies to big business far beyond the limits of anything suggested or dreamed of by the sponsors of this bill to assist the unfortunate farmers of America. I have noticed that some of the gentlemen who are so bitter in their criticism of the Frazier-Lemke farm bill have voted consistently for unreasonable Federal subsidies to the big shipping interests.

Some of them have condoned a $90,000,000 loan to one bank in Chicago—a loan that has never been paid. That, according to some of the critical gentlemen here, is statesmanship, but those of us who would raise our voices in behalf of the farmers are criticized and scolded as being impractical and visionary. Some of these same self-admitted statesmen who are so critical today have by their votes repeatedly condoned and endorsed the attitude of this Government several years

ago, while some of them were in Congress, in canceling billions of dollars in debts due this Government by foreign governments. In voting for such an outrageous thing they saddled such debts on the backs of the American farmers and their children and their children's children.

In a desperate effort to try to frighten some Democrats who have been pledged to support of the Frazier-Lemke bill for years from doing what we conceive to be our solemn duty to the farmers of this country, it has been suggested that in giving our support to this measure that we are straying away from the fundamental principles of democracy. Well, let us see about that.

May I say that so far as party regularity is concerned, in Oklahoma that our Democrats have wholeheartedly endorsed the Frazier-Lemke bill. The recent State Democratic convention in Oklahoma enthusiastically and unanimously endorsed the pending bill. [Applause.] Not only that, but might I remind Democrats who seem to have the jitters about party regularity that the last Democratic National Convention went on record in no uncertain terms in favor of legislation to assist the farmers. In fact, one plank in the Democratic platform almost described the Frazier-Lemke bill. It pledged the Democratic Party in no uncertain terms to assist the farmers of America in refinancing their farm loans over a long period of years at a low rate of interest. That is what the Frazier-Lemke bill, if passed, proposes to do.

Mr. McFARLANE. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from Texas.

Mr. McFARLANE. I think there are thirty-odd States of the Union that by their legislatures have endorsed this bill.

Mr. JOHNSON of Oklahoma. The gentleman is correct, and there will be other State legislatures and other State Democratic conventions do likewise before this fight is finished. [Applause.]

Much has been said this afternoon by opponents of this bill about the good work done by the farm-credit banks. It is true that the farm-credit legislation has been of great assistance to a comparatively small group of our farmers, but it is generally conceded that in the main the job has not been done, and will not and cannot be done, without additional remedial legislation.

In giving my support to this bill I am perfectly willing to accept the criticism of the self-admitted statesmen who oppose it so bitterly. That is their privilege, and it is the privilege of others to offer their criticism. Well do I remember that in my last campaign for Congress I was bitterly criticized by my opposition for my stand for the Frazier-Lemke bill. But I did not weaken then, and I shall not do so now. Some of those who were critical or silent concerning the pending measure in the past are supporting it today, and I predict that many who will cast their votes against it today will support it in the future if the farmers are charitable enough to give them another opportunity to do so.

Mr. Chairman, I expect to vote on this measure as I have on every other bill that has come before this body for consideration. I am going to vote as my conscience dictates, and in so doing I accord every other Member the same privilege. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the land bank commissioner shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the land bank commissioner Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it. Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve. The outstanding Federal Reserve notes issued under this act shall at no time exceed $3,000,000,000.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 4, line 19, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

On page 4, lines 23 and 24, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

Mr. LEMKE. Mr. Chairman, I offer another amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 5, line 1, after the word "reserve" and before the period insert a colon and the following: "*Provided, however,* That as additional security and reserve the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury as a reserve for such notes out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such reserve fund in an amount equivalent in dollars to not less than 40 percent of such notes outstanding."

Mr. BANKHEAD. Mr. Chairman, I make a point of order against the amendment—that it is not germane to the section of the bill just read, or, as a matter of fact, to the bill itself.

The CHAIRMAN. Does the gentleman from North Dakota desire to be heard?

Mr. BOILEAU. Mr. Chairman, I desire to be heard.

Mr. Chairman, in view of the fact this amendment or one similar to it appeared in the RECORD of yesterday the Chair has had some opportunity to examine the precedents and to determine whether or not in his opinion the pending amendment is germane. The section as written in the bill amends the Federal Reserve Act. In view of the fact that it refers to the reserve back of Federal Reserve notes, I feel that an amendment is germane which affects the reserve back of Federal Reserve notes.

Under the existing law, Federal Reserve notes are backed by 40 percent gold. That is the existing law. The section in the bill which this amendment would change now provides for the issuance of Federal Reserve notes. I am of the opinion that under existing law, even if this amendment were not approved, there would be 40-percent gold back of the Federal Reserve notes issued pursuant to the provisions of this bill. This amendment is offered merely to make it more specific, and I believe it is germane because it relates to the subject matter actually dealt with in this very section; in other words, the reserve back of Federal Reserve notes. For this reason I submit, Mr. Chairman, that the pending amendment merely is a perfecting amendment. The subject matter dealt with in this amendment is the same as that dealt with in this section of the bill, and it is, therefore, germane in every respect.

The CHAIRMAN. Does the gentleman from Alabama desire to be heard?

Mr. BANKHEAD. Mr. Chairman, I do not care to offer any argument on the point of order. It is apparent to me that under the rulings of the House and the precedents of the House the amendment is out of order, and I submit it to the Chair.

The CHAIRMAN. The Chair has had some opportunity to consider the present amendment in connection with an amendment that was offered by the gentleman from Texas this morning. The Chair directs the attention of the proponents of the amendment to the fact that section 5 (a) of the substitute amendment offered by the gentleman from Texas this morning also contained a gold provision. The Chair considered this provision and was to some extent influenced by it in the ruling he made at that time.

Much that was said in ruling this morning on the germaneness of the amendment offered at that time, of course, applies to the present amendment. The new section 6 provides for the issuance of certain Federal Reserve notes. The present amendment changes the form of that section and provides for a gold security and in addition to that provides certain discretionary duties for the President.

The Chair believes that under the rules and precedents of the House the amendment is not germane and, therefore, sustains the point of order.

Mr. SABATH. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

Mr. BOILEAU. Mr. Chairman, we have another amendment to offer to this section, and I object.

Mr. SABATH. Mr. Chairman, some of the Republican Members, and the gentleman from Oklahoma [Mr. JOHNSON] who preceded me, called attention to the pledges and promises given the farmers of the United States in the Democratic platform of 1932. If these gentlemen will recall all that has been done for the farmers and agriculture—the beneficial legislation in their interest and the relief provided, their honesty will compel the admission that not only has every pledge been kept, but that under President Franklin D. Roosevelt and the Seventy-third and Seventy-fourth Congresses more has been done for the American farmer than has ever been done during the entire life of the Nation.

Had it not been for the opposition of the vested interests, even more could have and would have been done for them. It is to be regretted that the stand-pat Republicans, for purely political purposes, are charging and will claim during the coming campaign that the administration has failed to accomplish all that it promised. I am satisfied, however, that the great mass of farmers and the people realize that the President has done everything possible to improve their conditions and to bring about better times, better prices, and greater consumption.

While it may not be generally known, the fact is that the value of farm lands in the United States has increased as much as 50 percent and even higher throughout the country during the last year. The farmer today receives from 100 to 300 percent higher prices for his products than he did from 1931 to 1933.

Mr. KELLER. Where did the gentleman get such information?

Mr. SABATH. I have and will give you that information.

Mr. KELLER. Where does the information come from?

Mr. SABATH. Investigations and reports indicate that fact. It is really amusing to hear the threats from the other side to the effect that unless this bill passes, dire results will be the lot of the Democratic Party. The people generally, including the farmers, have seen their confidence in President Roosevelt and the Democratic Party justified. For one, I have supported every farm bill and all legislation in the interest of farmers. At this time, however, I cannot support this bill.

I am obliged to vote against this bill because it is class legislation. It provides no aid to the city dweller, but rather discriminates against him. Had the proponents of the bill broadened it originally, as I strongly urged, to make its benefits available to home owners, it would have had my support. This was not done. They were blinded to the needs of everyone but a small percent of farmers. Today amendments and changes have been offered to the bill. Had the gentleman from North Dakota [Mr. LEMKE] and his steering committee for the bill given serious consideration to the need for such changes to broaden the bill before, there would not have been the opposition to it that there is now.

I, too, can see where the farmer should be assisted, but I cannot lose sight of the crying needs of the city dweller. Consider the fact that in 1931, 1932, 1933, and even 1934, a million Americans lost their homes, and that had it not been for the Home Owners' Loan Act another million would have lost their homes. It is claimed that the Home Owners' Loan Act aided the home owner. You know as well as I do that this Home Owners' Loan Act indiscriminately offered relief to all home owners, and that the farmer, particularly the small one, had equal resource to its benefits. The proposed bill, on the other hand, gives the farmer a 1½-percent interest rate, against that enjoyed by city dwellers under the Home Owners' Loan Act of 4½ and 6 percent on private loans and mortgages.

My colleague [Mr. KELLER] asked where I get the information as to the increase in value of farm lands. For his edification and that of the other Members, I refer to the Sunday, April 26, 1936, issue of the most critical partisan newspaper in the Midwest, the Republican, anti-Roosevelt Chicago Tribune. It would be educational to reprint here in the RECORD the full-page statistical report, and map, which considers the subject, but rules of the House will not permit of that. As pertinent to the matter under discussion, however, I refer to what it has to say. Of the Joilet territory it states:

> Seventy-percent increase in farm sales in Joilet territory in last 15 months over year of 1934. Values up 40 to 45 percent, with real-estate men predicting a further rise. Prominent among farm buyers are city businessmen seeking safe investments.

Of Iowa it reads:

> Sales of Iowa farm lands in 1935 increased 50 to 100 percent over preceding year, and trend is even more abruptly upward for 1936. Three-fourths of buyers city persons acquiring land for investment.

As to Wisconsin, it states:

> Wisconsin enjoyed a substantial increase in farm sales in 1935. An even more gratifying increase on the books for 1936. Majority of sales to city buyers, who consider rural lands among safest of present investments.

Of central Illinois, it reports:

> Steady advance reported in farm sales in Galesburg area. City dwellers conspicuous among buyers. Property moving better than at any time in 4 years. Public again "land minded" because of safety of investment. Values increased 50 percent since fall of 1932.

Of Michigan, it reports:

> Notable upturn of farm-property market in Michigan. Leading broker reports sales 300 percent greater in 1935 than in 1934 or 1933. Approximately third of all sales to city factory workers, a third to businessmen, two-ninths to those already engaged in farming, one-ninth to professional men.

As to Indiana:

> Central and southern Indiana report increased farm sales everywhere that erosion has not reduced soil fertility. Values highest since before depression. Suburban farms near larger cities in great demand.

There are many other favorable reports, and what applies to the Midwest applies to the entire country. There is not space to print the full-page newspaper articles, but those portions I have quoted are representative.

I am reliably informed that a great deal of consideration is now being given by the President to legislation that will bring about a reduction of interest, providing even greater benefits to farmers, city dwellers, and home owners. I know that the President is very friendly to progressive legislation. He is doing everything possible to aid all classes and to bring about reemployment of all those now unemployed.

Some of my colleagues oppose the present bill because they fear inflation. Such is not the case with me. That is a term recklessly applied by the big bankers to any measure which threatens to curb their control of money. My stand in favor of expanding our currency has not changed, but I have been and still am against uncontrolled inflation. I hope that in the next session of Congress, legislation will be enacted to do away with 6-percent loans, and that we will be able to limit interest on all loans to 3 percent. That is a fair charge. I might mention that it is my intention in the next Congress to do everything within my power to remedy the evil whereby a small man pays 6 percent and even 7 percent on a loan, where the speculator and gambler has access to the money at one-half of that figure. Why should not the farmer, the merchant, and the home owner enjoy the same low rates? As I have stated, I will support a bill looking toward currency expansion to the fullest limit of my power; I cannot support one which will result in uncontrolled inflation.

Those of you who have advocated this legislation and fought for it have my admiration. You have fought hard for something you believe in. Still, you must not condemn those whose views on one subject are different than your own.

Criticism has been directed against Mr. Green because of his letter to the Speaker against this bill by many Members who have been and are in accord with him on most matters. I think that criticism is unjust and uncalled for. He has the

interests of the wage earners at heart, and you and I are all aware of that. As president of the American Federation of Labor he has always been known as the champion of the common people. While I do not want to quarrel with my colleagues, I think that perhaps Mr. Green has more soberly considered certain phases of this bill and is aware of the results that would come about if it were to pass. I agree with him in believing that the benefits of legislation proposed by this bill would accrue but to a small percentage of the population, and that it would work to the disadvantage of laboring wage earners of the country. Mr. Green has, in my opinion, taken a courageous stand on this question.

I am sorry that the proponents of the bill could not have seen their way clear to make its benefits available to all the people. Had they done so there could have been no charge of discrimination, and many others besides myself would have been in a position to support it.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 4, line 23, strike out the sentence beginning with the word "such" and ending with the word "reserve", on page 5, line 1.

Mr. LEMKE. Mr. Chairman, this amendment strikes out the following language:

Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve.

In other words, this puts the same security back of these Federal Reserve notes in addition to these farm mortgages as is back of other Federal Reserve notes.

My own position in the matter is that makes very little difference, but since some feel there ought to be something in addition to the farm mortgages, we just strike that out and make these Federal Reserve notes the same as all the other Federal Reserve notes, and I can see no reason why any person should object to this amendment which the steering committee has considered and is willing to accept.

The amendment was agreed to.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. A short time ago the gentleman from North Dakota offered an amendment which struck out the words "Federal Reserve Board" in lines 23 and 24 and substituted "Board of Governors of Federal Reserve System." This amendment strikes out the entire sentence, and I am asking whether or not the language in the bill is now clear.

The CHAIRMAN. The Chair thinks so.

The Clerk read as follows:

SEC. 8. The Farm Credit Administration and the Federal land banks shall turn over all payments of interest and principal on such farm-loan bonds, for which the Federal Reserve Board issues Federal Reserve notes, to the Treasurer of the United States, and shall be by him kept for the purpose of redeeming said Federal Reserve notes and shall be reinvested by him as a sinking fund in farm-loan bonds issued under the provisions of this act.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 5, lines 5 and 6, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

The amendment was agreed to.

Mr. SISSON. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SISSON. Mr. Chairman, I asked for recognition, although I hate to take the time of the committee at the end of a wearisome day. There have been some charges passed back and forth as to why certain Members were for or against this particular piece of legislation, with insinuations that certain Members were dominated by the fact that somebody is for it or somebody is against it. I do not think it is very material who is for it or who is against it as individuals, and I do not believe that has influenced very many Members one way or the other.

I have that confidence in this House. I want to make my own position plain. I was one of those who signed the petition for the discharge of the Committee on Rules. Why did I do it? Because at that time or some time before, the Committee on Agriculture had reported out this bill. Why they did it is water over the dam, but so far as it appears from the record, and so far as we could find out, it was reported unanimously.

I was opposed to this legislation from the start, and I stated to the two gentlemen who came to see me for the proponents of the bill, and who asked me to sign the petition for the discharge of the committee, that if I did sign the petition, I would vote against the bill. I want to make that plain for all time.

The leading proponents of this bill in the House, I am sure, have long known what my position on the bill was, and that I would not support it.

I did not take my name off the petition, and I want to say, for the benefit of the country, that no one in the leadership asked me to take my name off, and I do not believe anyone else was asked to take his name off.

Now, a word or two about the bill. So far as I can find, this experiment—which started out as an experiment to loan money on a basis of 100 percent of the value of the mortgaged property; it may have been changed by amendments of the gentleman from North Dakota [Mr. LEMKE], who has practically rewritten the whole bill on the floor so that now no one knows what it is—has never been made in this country, and, so far as I can find out, has never been made in any other country. And it was to be loaned at a rate of interest of 1½ percent.

I am as much for the farmer as any man here; and I am standing now for the interests of the farmer, because loaning money at 1½ percent will destroy the private mortgage market and put the United States into the mortgage business for all time.

This experiment of lending money on the basis of 100 percent of the value of the property mortgaged to secure the loan has never before been tried in this country or in any other country, so far as I can find. There is no experience as to the losses on such a basis.

In itself, if we were sure we could put on the brakes at will, this bill, if enacted into law, might not be dangerously inflationary. I do not presume to be qualified to say whether it is or not.

But it would be the beginning of a downgrade which I do not dare to see this country take. No man can say how far it would take us. But judging from the experience of every one of the countries of the Old World which has ever tried such an experiment, it is certain to end in communism, state socialism, or a fascist dictatorship.

I am for the American farmer. I hope certain things will be done for the farmers of my district, my State, and the entire country; things which have not yet been done by this Government. I believe that when the American farmers are informed of the certain consequences of this legislation they will not demand or wish to get their mortgages refinanced by the Government at 100 percent of the value of their farms, at 1½-percent interest, and by any inflationary measure such as this would be.

If we were to enact this proposal into law, it would lead to an irresistible demand that our village and city home owners get their mortgages—on which they are now charged at least 5-percent interest—also refinanced at 1½ percent by the Federal Government.

It would entirely destroy the mortgage market and would put the Government into the mortgage business for all time to come.

Mr. Chairman, if I knew that by voting for this bill I could insure my reelection, and that my vote against it would assure my defeat, I could not, on my oath, vote for this bill. [Applause.]

The Clerk read as follows:

SEC. 8. Whenever the amount of money issued under this act shall exceed $25 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds, for which Federal Reserve notes were issued, not to exceed 2 percent in any one year, of the amount of Federal Reserve notes so issued.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 5, line 11, beginning with the word "whenever", strike out all down to and including the word "the" in line 12, and insert in lieu thereof "The."

Page 5, lines 13 and 14, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 17, strike out the figure "2" and insert in lieu thereof the figure "3."

Mr. LEMKE. Mr. Chairman, I might make just a short explanation. The first part of the amendment strikes out of section 9 the language "whenever the amount of money issued under this act shall exceed $25 per capita, then." That is all taken care of by the absolute limitation of $3,000,000,000.

The balance of the amendments are simply perfecting amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from North Dakota.

The amendments were agreed to.

The Clerk read as follows:

SEC. 9. There is hereby created a board of agriculture consisting of one member from each State, elected by the farmers of such State, who shall be elected by delegates selected by a mass convention of farmers in each county or parish within the United States, who are indebted and declare it to be their intention to take advantage of this act, such county or parish convention to be its own judge as to who are bona-fide farmers and otherwise eligible to participate in its proceedings.

SEC. 10. The Farm Credit Administration is hereby authorized and directed to give public notice, through the Federal land banks, to the farmers of each county or parish of the time and place of holding the first county or parish convention, which shall be held at the seat of government of each county or parish; and it shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State, notice of such convention to be given within 60 days after the enactment of this act.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word. I would like to call the attention of the membership of the House to the situation that developed a short time ago when an effort was made by the gentleman from North Dakota [Mr. LEMKE] to amend section 7 to provide for a gold reserve to back up these Federal Reserve notes that we propose to issue. A point of order was made by the distinguished majority leader and was sustained by the Chair, so that we were unable to present that amendment to a vote of the membership.

However, shortly after that you will recall that next to the last sentence of section 7 was stricken out by another amendment. In other words, this language was stricken out:

Such farm-loan bonds to be held by the Board of Governors of Federal Reserve System as security in lieu of any other security or reserve.

By striking out that sentence we have pure and simple Federal Reserve notes, Federal Reserve notes that are just as good as the Federal Reserve notes that you have in your pocket today, backed by just as good security as any security you own today; backed by just as much gold as any Federal Reserve notes in the country today.

Those of us who are supporting this measure are satisfied that we are providing for the issuance of Federal Reserve notes which are just as good as any Federal Reserve notes being issued.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. RANKIN. And under the Gold Standard Act of 1900 it is interchangeable with every other American dollar.

Mr. BOILEAU. I thank the gentleman.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. HOLLISTER. Will the gentleman point out wherein there is any backing for these Federal Reserve notes?

Mr. BOILEAU. I say that the Federal Reserve System is directed by this section of the law to issue Federal Reserve notes and send them over to the land bank commissioner. I submit to the gentleman that that type of security is just as good as any other Federal Reserve note that is now issued.

Mr. HOLLISTER. Why?

Mr. BOILEAU. For the first reason, the Federal Reserve will, under this law, be required to put as much gold back of these notes as any notes which it now issues.

Mr. HOLLISTER. Where is that in the act?

Mr. BOILEAU. It is not in this act. It is an essential part of the Federal Reserve Act. It is already part of the law. The Federal Reserve notes are to be issued with certain gold backing.

Mr. HOLLISTER. Why? Where does that appear in the act?

Mr. BOILEAU. In the Federal Reserve Act. We are not repealing the Federal Reserve Act. We are not changing the Federal Reserve Act in any respect.

Mr. HOLLISTER. But the Federal Reserve Act says that notes shall be issued through the Federal Reserve banks, and the Federal Reserve banks, in turn, shall put up certain gold coverage. Where is there any provision for any gold coverage for these notes?

Mr. BOILEAU. I submit that in the Federal Treasury today there are billions of dollars of gold that is now claimed by the Federal Reserve System.

Mr. HOLLISTER. But the gentleman is mixing the Treasury and the Federal Reserve banks and putting them together.

Mr. BOILEAU. No; I am not. The gentleman is not giving me time to complete my statement.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOLLISTER. Mr. Chairman, I am very glad the gentleman from Wisconsin raised the question he did, because it gives me an opportunity to point out one of the troubles with the kind of currency for which this bill provides.

Mr. BOILEAU. Mr. Chairman, the gentleman used up part of my time interrupting me and did not permit me to finish my statement. I wonder if he would yield now?

Mr. HOLLISTER. Yes; I will yield.

Mr. BOILEAU. I would like to say to the gentleman that the language is clear as to the intent. We attempted to clarify the matter by putting in an amendment that would directly provide for the gold. If there is any change needed in the law to bring this about, we are helpless to present such an amendment because of a point of order having been raised, but that matter can be properly taken care of, because the clear intent of Congress is expressed.

Mr. HOLLISTER. The gentleman points out clearly the difficulty with this bill.

Here is a bill which these gentlemen have had under consideration for months and months, which they thought over very carefully, yet they find today they have not covered many things which everybody knows should have been covered. If Federal Reserve notes are to be issued, they certainly should be the same kind of Federal Reserve notes that are now issued under the Federal Reserve Act, yet absolutely nothing was put in this bill to explain how these notes could be placed in the same position as Federal Reserve notes

issued under the present Federal Reserve Act. If the gentleman will read section 16 of the Federal Reserve Act, he will see how there is a gold coverage placed behind all Federal Reserve notes, the issuance of which is provided under the Federal Reserve Act.

It is true that under recent legislation all gold coverage is, let me say, in a state of quiescence. It is a gold coverage which is theoretical, in that it cannot now be realized on; but it is none the less true that all Federal Reserve notes issued under the Federal Reserve Act have a certain percentage of coverage by gold certificates held by the Federal Reserve banks, which certificates, in turn, earmark a certain amount of gold held in the Treasury. The mere statement in this bill that these notes are Federal Reserve notes, without any provision securing them in the same way, does not make them identical with the other Federal Reserve notes. These gentlemen preparing this bill simply omitted to consider the fact that they were not providing protection behind these notes and were not making them the same as those now in circulation. This illustrates the fact that what the people backing this bill are interested in is to get out a lot of trick money which will dilute and inflate the currency of this country. If they were so anxious to have these Federal Reserve notes exactly like other Federal Reserve notes, it would have been a perfectly simple matter to insert such a provision in the bill.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. WHITE. As a matter of fact, as the law now stands, have not the Federal Reserve banks power to issue 10 times the amount of currency now outstanding?

Mr. HOLLISTER. I should say not.

Mr. WHITE. They can issue at least an amount far in excess of what is in circulation.

Mr. HOLLISTER. They can issue a large amount in addition; yes.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the pro-forma amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

SEC. 11. The farmers attending such county or parish convention and the State delegates attending such State convention shall organize and make such rules and regulations for their procedure as they deem necessary or convenient, and shall elect a president and a secretary and make arrangements for such other future conventions as they may deem necessary to carry out the purposes of this act, and they shall at all times cooperate and assist the board of agriculture, the Farm Credit Administration, the Federal land banks, and national farm-loan associations to liquidate and refinance farm mortgages and farm indebtedness.

SEC. 12. The State delegates so elected shall meet at the State capitals of their respective States and elect a member of the board of agriculture, who shall hold his office from the date of such election and for a period of 2 years from January 20 following, and who shall receive $15 per diem and necessary traveling expenses while on official business, to be paid by the Farm Credit Administration out of any funds set apart by section 5 of this act.

SEC. 13. Immediately after their election the members of the board of agriculture, upon call of the Farm Credit Administration, shall meet at Washington, in the District of Columbia, and organize by electing a chairman and a secretary, and they shall make such rules and regulations as they deem necessary and expedient to carry out the purposes of this act. They shall elect an executive committee of three, none of whom shall be members of the board of agriculture, who shall hold their office at the will of said Board and who shall receive a salary of $7,500 per annum and 5 cents per mile for necessary traveling expenses while on official business, to be paid by the Farm Credit Administration out of any funds set apart by section 5 of this act.

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, will the gentleman yield for the submission of a unanimous-consent request?

Mr. GILCHRIST. I yield.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 11 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I wrote the report for the committee on the pending bill. I ask unanimous consent to revise and extend my remarks and to insert by way of extension such part of that report as I think pertinent to the bill as now amended and proposed.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, that report was made on May 3, 1935, more than a year ago. Some statements in it refer to conditions then existing, but these conditions still prevail. Seldom, if ever, does any bill suit everybody. Seldom, if ever, do the supporters of a given measure agree personally to every item or proposition in it. All legislation is accomplished because of a wholesome compromise between and among those who are in general support of the measure. The present bill is no exception, and its friends have agreed upon certain amendments that they will propose at the proper time. I myself, although I am for the bill, believe that it should be amended before the final vote comes, but these amendments should be those proposed by the friends of the bill itself. Mr. LEMKE and the steering committee have agreed upon several modifications. The provisions of section 3 concerning the scaling down of mortgages is not necessary and will be stricken. Section 4, relating to chattel-mortgage loans, is unwise and will be eliminated. No bank should be required against its own desire to invest in these bonds or in any other kind of bonds, and the bill will so be amended. Mortgages should be limited to 80 percent of the value of the lands and no more. It would be well to broaden the security behind these notes and to make such security similar in some degree to that behind Federal Reserve notes and not limit it to the bonds alone. The board provided for in the act should be an advisory board only and not a supervisory one, and the provisions of the act should not be extended to any farmer who has lost his farm through foreclosure more than 10 years ago. Such report is as follows:

It must be understood at the outset that the bill is not intended to increase farm indebtedness. If a farmer is out of debt, he should not be encouraged to go into debt. The bill is designed to refinance existing farm mortgages at low rates of interest and extend them over a long amortization period so that the farmer can keep a home for himself and his wife and children and not suffer them and him to be cast out by the sheriff. The bill will not increase farm debts. It will, however, come to the relief of worthy farm people who, in the aggregate, number about one-fourth of our entire population.

Facilities for getting the farmer into debt are already quite adequate, but facilities for getting him out of debt are inadequate. It is our duty to provide farm credit at such rates and on such terms as will get farmers out of debt. Then, and not until then, will they acquire buying power and be enabled to enter the markets and take part in business activity and in the restoration of prosperity to the whole country and to all classes of people.

The farmer needs lower rates and better terms. The last issue of the Yearbook of Agriculture (1934) points out that while ordinarily a reduction of indebtedness is a favorable sign, nevertheless the small decline in farm indebtedness, which has taken place since 1928, was not the result of normal liquidation but of foreclosures, bankruptcies, and forced sales and of the inability of credit agencies to give that support which is absolutely requisite to recovery. In 1932 one-seventh of the mortgaged farms were encumbered for 75 percent of their value; the mortgage debt represented 40 percent of the value of all mortgaged farms and 25 percent of the value of all farm land and buildings. Because of the drop in farm-commodity prices, payment became impossible for great numbers of farmers. About six and one-fourth million of our people are actively engaged in agricultural pursuits, and 30,000,000 people depend upon agricultural solvency in order that human souls may stay in human bodies. The system of the Federal land banks may have done some good, but it has not been adequate to the situation. State legislatures have been compelled to resort to moratoriums, else the sheriff would now be selling more farm homes than he ever did and more of our farm people would be seeking shelter in charitable institutions and more of them would be dependent upon bread lines for bare sustenance.

The present desperate condition of agriculture has been reflected in serious outbreaks in some sections of our land. Men who have lived upon their homesteads and who work in the hardest kind of toil from 12 to 14 hours a day during 8 months of summertime and almost 10 hours a day for 7 days in every week during wintertime; men who are skilled and who work intelligently and who have no sense of wrongdoing and who are without blame but are

overwhelmed by conditions for which they are not responsible, and who have exhausted their resources, are loath to permit their homes to be taken away and their loved ones sacrificed to a ruthless juggernaut or insolvency and foreclosures. The American farmer is a manly man. He believes that he must always perform his contracts and keep his promises and be loyal to his country and keep and preserve its laws and fulfill his duty to society in general. But is not his duty to his wife and his children the most sacred of all of these?

Is not his promise to his loved ones as consecrated as all others? If he is thrown out of house and home without fault of his own, he is likely to feel that sense of resentment which might even impel him to resist force with force. Despair may, at times, drive the best of our citizens to desperation. These men are feeding America, and no American citizen has a right to eat the bread that they produce unless he is willing to share with them all of the things that bring about beautiful home living and establish them in society on a basis of decent, bountiful, intelligent, and religious twentieth-century citizenship.

The conditions following the debacle of 1929 remain. While farm prices of many commodities have risen in unit value, still the things the farmer must buy have risen in greater degree and he still remains in relative submergence. No man can win in an economic race while carrying such a handicap. On the basis of the present income of agriculture, and of the present indebtedness of agriculture, and of the present taxes and interest rates which agriculture must pay, it is impossible for agriculture to carry on successfully. When it can carry on—when it does prosper, then we will not be compelled to furnish relief to millions of nonfarmers who are now dependent upon governmental bounty and governmental doles. Farm tenancy is growing apace. Foreclosures have divested real farmers from ownership, while moratoriums against foreclosures are mere temporary palliatives and are not permanent nor remedial.

The bill provides that farm indebtedness shall be refinanced through the use of existing governmental machinery at an interest rate of 1½ percent and a further payment of 1½ percent annually to amortize the loan. It will take 47 years to liquidate such an indebtedness, during which time the mortgagor will make a yearly payment of $30 on each $1,000 of the loan. Provision is made to issue bonds which will be secured by first mortgages upon the farm lands of the country. These bonds will draw interest at 1½ percent and will be amortized at 1½ percent annually. In the event that there is not a ready market for them the Farm Credit Administration will deliver them to the Federal Reserve Board which in turn will cause currency (notes) to be issued and given to the Farm Credit Administration dollar for dollar. These Federal Reserve notes are not to exceed $3,000,000,000, this being the amount of the revolving fund fixed in the bill. The Federal Reserve Board will issue these notes just the same as it does today, except that the Federal Reserve banks are getting them today and do not pay anything for them. They pay no interest upon them. They pay nothing for the use of the credit of the Government. Surely there ought to be some way for the Government when in need, to get money without borrowing it from a bank.

This bill has met with unprecedented public approval. It agrees with the party promises and the party platforms of all political parties. No other bill before this Congress compares with it in the backing and endorsement which has been given to it. The National Farmers' Union and many State grange and farm bureau organizations are for it. It has been endorsed by leaders in the Veterans of Foreign Wars and in the labor brotherhoods and by the National Union for Social Justice. Twenty-nine State legislatures have memorialized Congress for its passage, including those of Montana, Nevada, Wisconsin, Illinois, Minnesota, North Dakota, California, Nebraska, Oregon, Indiana, Arizona, Idaho, Colorado, Oklahoma, South Dakota, Tennessee, Iowa, South Carolina, Kansas, Michigan, Ohio, Texas, Kentucky, Wyoming, North Carolina, Arkansas, New Mexico, New Jersey, and Washington. In addition the lower house in each of the following States have endorsed the bill: New York, Delaware, Pennsylvania, Alabama, and Missouri. Our people want to have it enacted into law during this session. The realization of their hopes should not be postponed. The bill is a simple acknowledgment of the solemn promises and duties of the Government to place American agriculture on an equality with other industries.

Section 3 authorizes the liquidation of farm mortgages and other farm debts existing at this time by the making of real-estate loans to the extent of 80 percent (as amended) of the fair value of the farm land and of 75 percent of the value of the insurable buildings. This section authorizes the Farm Credit Administration to make all necessary rules and regulations to carry out the purposes of the act.

It is believed that such a loan will be a safe one and that the farmer can meet its conditions. The low rate of interest stipulated and the favorable terms given the borrower enhance his ability and makes the loan easier of payment. Furthermore, when a loan of this character is placed upon a farm home, then the value of the property will be increased because the advantageous conditions for payment surrounding the mortgage will make the property more desirable.

There should be no question about the safety of this security, provided that the bill is honestly administered and that loans are made on 80 percent of real values (as the bill will be amended) and not on fictitious or puffed-up values. The very fact that a piece of land carries a governmental loan at 1½-percent interest will in itself establish its value on a higher basis and therefore make the loan increasingly secure.

Section 5 authorizes a small appropriation to carry out the provisions of the act, but all necessary and actual expenses so incurred must be apportioned and prorated and added to each individual mortgage. Through this means the expenses of the administration of the act will be paid by those who get its benefit and not by the Federal Government. By this bill farmers are not asking for charity or for a dole or for any subsidy. They will repay these loans. In this respect they are asking for much the same treatment that the Government has already afforded to other industries such as railroads and banks and insurance companies through the Reconstruction Finance Corporation and through other instrumentalities.

Section 6 provides that the funds to refinance existing indebtedness shall be provided through the issuing of farm-loan bonds by the Farm Credit Administration through the land-bank commissioner and Federal land banks, as now provided by law. These bonds shall bear interest at the rates provided in the mortgages extending to farmers and must be sold at par.

Section 7 supplements section 6 and relates to the sale of bonds in case they are not readily purchased. Federal Reserve notes are to be issued up to the extent of these bonds and secured by them. The amount outstanding of these notes at any one time shall not exceed $3,000,000,000. Is this sufficient? This legislation will be administered under the regulations of the Federal land-bank system. This system has been in operation for more than 20 years, and to date it has now outstanding in farm loans less than $2,000,000,000. The fund named is a revolving fund and will surely be sufficient to cover loans that can safely be made for some period of time and until repayments are made and recovered under the revolving features of the plan. It is sufficient to take immediate care of those farmers who are in imminent danger and in sore distress, and who are about to be dispossessed. As time goes on and as amortization payments in excess of what is required for redemption of bonds are returned into the fund, new and increasing numbers of mortgagors will get advantage from the act.

There is a prospect also that private money to some extent will be invested in the bonds, and when this happens the revolving fund will be augmented and increased. The amount of farm loans outstanding in the whole country approximates $8,500,000,000. About 29 percent of them are held by individuals where there is more or less of a personal relationship existing between debtors and creditors. The holders of many of these private loans will not desire to have them rewritten right away, but will carry them indefinitely into the future; and many of these private mortgages will be refinanced upon terms which will not be wholly out of line with the present proposal. In this respect also debtors will gain substantial benefits.

Section 8 has to do with the payment of the interest and principal which will accrue on the farm-loan bonds, and provides that payments upon the bonds shall be turned over to the Treasurer of the United States for the purpose of redeeming the notes that have been issued and for the further purpose of reinvestment as a sinking fund in new issues of farm-loan bonds. If we compare this plan for the issuance of currency with those which have heretofore been used whereby the Government has loaned its credit to the banks, and has also given them as a free and gracious gift the right to issue currency, and moreover has actually paid interest to them besides, we will be compelled to agree that the Frazier-Lemke bill will prove to be of great value to the Government itself. Instead of paying 3-percent interest to these banks the conditions will be reversed and the Government will be receiving interest at 1½ percent. And at the end of the amortization period (47 years) as computed on the amount of the revolving fund, the Government will have made a profit of $6,345,000,000 above what it is now costing us under plans now practiced and schemes now fashionable. Instead of paying out money it will be receiving money. This is one of the few times in the history of this Republic that anybody has seriously proposed to pay the Government a profit for the use of its own credit. Heretofore, the money changers have demanded and derived that income and that profit. Heretofore certain banks have issued currency at a cost to them of only about 30 cents per thousand dollars, being the amount that is paid for preparing and printing the bills or notes.

This profit would keep our schools open; it would build a network of broad highways throughout the land; it would establish and maintain hospitals and colleges and libraries. It would reduce taxes. It would help to restore buying power to common people and prosperity to the country.

It is not necessary at this time to examine into the propriety of the privilege of issue extended to Federal Reserve banks. Many people who are in full support of the Frazier-Lemke bill believe that such privilege is proper and necessary. It must be remembered, however, that the 12 Federal Reserve banks are private corporations, that they and their stock are privately owned, and that none of their profits go to the Government. Why should the credit of the Nation be given away absolutely free? Why should a bonus (interest) be paid to those who receive such largess? Those who believe in this privilege as well as those who do not ought to be able to unite in refusing to monopolize it. Those who get it are not in a position to claim exclusive rights in it. Nobody owns a charter right to it. Safety and security being conceded then it must follow that the right involved in the issuance of currency based on Government bonds ought not to be a special one to be exercised alone by those who are affluent. Security regarding such issuance must be guaranteed always; but when this is done and when safety is assured, why cannot some of the benefits of this privilege be extended to farmers and home owners?

On February 28, 1935, there were outstanding from the Treasury $5,466,702,738, being about $43.07 per capita. On October 31, 1920, we had $53.21 per-capita circulation. Since then it has decreased $10.14 per capita. Furthermore, in 1929, before the crash, we were using at least $62,000,000,000 of bank money or bank checks. Some authorities make this figure much larger. This is now down to about $20,000,000,000. In other words, we formerly had at least three times the amount of bank money (checks, drafts, etc.) than we have now. These facts call for explanation and remedy.

A goodly part of the money that has gone from the Treasury is really not in circulation at all. Some of it is in foreign countries. Some of it is in Cuba, where it is used as money almost exclusively, and some of it is in other countries which use it in one way or another. A lot of our money has been lost or destroyed in fires, still more of it is hiding in safety deposit boxes and in old socks and mattresses. We can take the $8,580,000,000 of gold that is now idling in the Treasury and redeem every dollar of our outstanding currency and then have a balance of more than $3,000,000,000 of gold left untouched in the Treasury and not obligated in any way. We have also a billion of dollars of unused silver. We could issue an enormous sum of currency based upon those $4,000,000,000 worth of extra gold and silver.

Let it be remembered that this bill does not propose to create any new or additional interest-bearing tax-exempt securities. It provides for an intelligent and regulated expansion. There are specific limits provided and safe boundaries set against uncontrolled issues of currency. The contemplated issues do not so far exceed our previous experience as to cause any honest apprehension among those who desire in real good faith to restore prosperity to agricultural as well as to commercial interests.

Sections 10, 11, 12, 13, 14, 15, and 16 describe machinery and procedure. The gist of this is that a board of agriculture is created consisting of one member from each State, which will elect an executive committee of three to act as an advisory body, but does not control the Farm Credit Administration. They receive complaints, report delinquencies to the executive division of the Government or to the President, and act as a go-between. They are really an advisory body. The real truth is that Congressmen now act as chore boys for the people in performing the very work that this board and this executive committee will do after the bill is enacted into law. It is believed that actual experience will prove that little new machinery will be required to operate the act because the bill uses the present set-up of the Farm Credit Administration.

Section 17 extends the benefits of the act to those who have lost their farms since 1925 (as amended) to those who desire to repurchase their land or another like farm. Like benefits are also extended to tenants and members of their families.

The bill should be enacted.

Mr. Chairman, we all know that farmers still remain in submergence. The farms of the United States were valued at nearly $48,000,000,000 in 1930, and this value has fallen precipitously since then to the extent of probably 36 percent of former values, although I do not have the figures for 1935.

In my State—Iowa—as of April 1, 1930, farm lands were valued at practically $4,225,000,000, but by January 1, 1935, this was reduced to about $2,462,000,000, being a loss of 41.71 percent. In my own home county—Pocahontas—their value fell off from nearly $56,000,000 in 1930 to $36,000,000 in January 1935, being a loss of 35.38 percent. The cash income from the farms of this country has fallen from about $10,500,000,000 in 1929 to approximately $6,000,000,000 in 1934, and this was after the revaluation of the dollar. Farm debts remain practically as before except for that portion of them which has been canceled because of foreclosures and because they have been liquidated by bankruptcies, and by the sheriff, and by voluntary surrender to creditors.

Some improvement in prices for farm products is noticeable, but much of this is due to the drought. Some of it may be due to agricultural legislation, and some of it may be due to other causes, but nevertheless the prices for the things that the farmer buys have raised in a higher degree than prices for the things he sells. The last report—April 15, 1936—issued by the Agricultural Department itself shows that the ratio of prices received by the farmer to prices paid by him stands at 87 percent only. And this figure does not take into consideration the enormous increase in the taxes which are imposed upon him. He is not at parity. He is competing in an economic race while carrying a handicap. He is running with a 13-pound leaden ball chained to his feet.

The same thing is true as to farm labor. The farmer works 12 hours a day for 7 days in the week, including Sundays as well as groundhog days and other holidays. When one talks about 30 hours a week, as does Mr. Green, president of the American Federation of Labor, he can have no real conception of the hours during which farmers are compelled to toil. I wonder if these leaders who talk about prevailing wages are ignorant of the fact that farm wages for the hired man are now only about $20 to $25 per month? The farmer can pay him no more. Yet the farm group has always supported labor legislation; and when the day shall come that labor will not support agriculture, it will just be too bad for somebody.

Now, with these facts before us, nobody can deny that farmers must remain in submergence and that they can never get into a position of equality with other men until they are relieved from excessively high taxes, from burdensome interest, and from other unjust discriminations which are forced upon and against them.

In America we have three great agencies for culture and for improvement and for stabilization. We have the school. We have the church. But above and beyond these we have the home. We should save homes. The Republic cannot endure unless we build a high type of social life in and around our homes. I have heretofore and will continue hereafter to support all home legislation. The strategy of those who are opposing this bill is to separate the labor vote from the farm vote and the urban home-owner's vote from the farm home owner's vote. It is an old strategy, and its accomplishment forebodes evil and nothing else. When farmers can have prosperity, we know that all of us will have a higher and better civilization. When we save farm homes, then we will know that agricultural buying power will be increased and that this will stimulate heavy industries, actuate building, spread employment, and in every other way help and support business. Every man or woman who is engaged in labor or in commerce or in carriage or in finance or in any other kind of industry or business will be aided.

We can add much to rural life. A small percentage only of farm homes have electric appliances or plumbing facilities. A small percentage only of farm mothers can afford to go to the hospital when the baby comes. In many places schools for farm children are not what they ought to be, but happily this is not true of my own State, which continues to stand at the head of the whole country in respect to literacy. The farm wife ought to be able to buy the pretty things that add to a great culture and make a happy home.

We had better save the homes already owned than to make new ones. There are before Congress resettlement bills for rural people. Do you know that figures recently released show that the cost of rural resettlement is $5,345 per family? Keep in mind the number of mortgages against the farmers who stand a chance of being ousted from their farms, and then figure what your resettlement is going to cost. It will run into many multiples of billions beyond what this bill will cost. It will be cheaper and wiser and more humane to save the homes we already have.

I have in my hand a telegram from the clerk of courts in my own county which shows that about one-seventh of the farms there are now under mortgage foreclosure or have been during the past 5 years. In addition to these actual foreclosures many farmers have lost their farms because of voluntary settlements concerning mortgages which never reached the foreclosure courts. If one-seventh have lost homes and farms, what, let me ask, have the other five or six farmers been doing? What has happened to them? Many of them are now only about two jumps ahead of the sheriff with little in prospect for the future.

In my State we have a moratorium in favor of farms and against foreclosures. But this farm moratorium is based upon emergency, and it is bound to end sometime. It cannot go on forever and forever. The present law terminates on March 1, 1937, and when this moratorium ends, then the floodgates will be raised and a deluge will sweep over many of our farm communities. Gentlemen are claiming that the present bill will take care of only 15 percent of the mortgages of the country. Even if this is admitted, nevertheless the fund is a revolving one; and whenever payments are returned into the Treasury, new and additional mortgagors can take advantage of it. It is significant also that the number of farms which are in imminent and acute distress

seem to amount to about 15 percent, and the bill, in any event, will take care of those who are about to be evicted.

I have heard said here something about paper money and about printing-press money. Mr. Chairman, with the exception of a few silver certificates, there is not now a dollar of currency in this country that is redeemable in anything except another piece of paper. There is not a bond of the Federal Government now outstanding that is redeemable in anything else than another piece of paper or another bond likewise printed on a printing press. Gold payments have been legislated out of existence. The so-called Federal Reserve gold certificates given to the Reserve banks for the gold deposited by them in the Treasury state upon their face that they are payable to bearer on demand as authorized by law; but the law makes redemption entirely discretionary with the Secretary of the Treasury, and it has been made a punishable crime for anyone to have or to hold gold. Mr. Lewis W. Douglas, recently Budget Director for the present administration, who everybody admits is an authority on the question, recently wrote an article which I hold in my hand in which he says that substantially the same language is found in all of our currency, and I quote:

> It is a promise to pay, but in what? Not gold, no; for gold certificates have been legislated out of existence. Moreover, it would make little difference if the currency were redeemable in gold, because it has been made unlawful and a punishable crime for anyone to hold gold. Even gold previously acquired has been confiscated by the Government.

In this article Mr. Douglas sums up by saying:

> On the whole, however, our currency now being a mere piece of paper, our bonds now being mere pieces of paper, and a Government check now being a mere piece of paper, there is no fundamental difference between the direct emission by the Government of pieces of paper to a bank against which the Government draws another kind, but equally unsupported, piece of paper in payment of its bills.

I am for a stable currency just as much as anyone else is. I am against what is derisively called "fiat" money. I think that a foot should remain 12 inches, that a pound avoirdupois should always consist of 16 ounces, and that 231 cubic inches ought always to make a gallon. I do not believe that these measures should be allowed to change as much as 375 percent in a short while. By the same token there ought to be some means of controlling the dollar so that it will remain comparatively constant in value and so that a farmer who borrows a dollar today for the purpose of buying 1 bushel of corn shall not be compelled to part with 10 bushels of corn when he goes to pay the debt a short time afterward.

I do not see that anyone need to worry about any fiat money as being contained in this bill. There is none proposed by or in the bill. We have over $10,000,000,000 in gold in this country, and several billions of this is free gold. Federal Reserve notes are supposed to be secured by 40 percent of gold and 60 percent of commercial paper, but you cannot get this gold if you want to. Furthermore, I should like to put some of this free gold behind the issue of the notes involved in this pending bill; but none of those who are against the bill will vote for such a preposterous thing as to allow a farmers' bank to have the privilege that is now extended to a central reserve bank. And yet these same men talk about discrimination. I have heard them here today. They beat their breasts and say, "We are for equal rights for all and special privilege for none", and they talk about class legislation. Class legislation is connected in some way or another with 50 percent of the bills that come before us. We legislate about postal rates and give county newspapers the right to send their paper free within the county of their publication. That is all right. I am glad of it. But is it class legislation? The only offense that there may be in class legislation of the character that I am talking about is when the legislation does not embrace all of the class or when it selects some individual from a class and imposes some special burden upon him from which other persons are exempt. It is of two kinds, namely, that in which the classification is natural and reasonable and that in which the classification is arbitrary and capricious. The one is legal, the other is not. The one is wise, the other is reprehensible.

The legislation before us deals with a class in an honest and fundamental way. It is a natural and reasonable classification. Class legislation. Will gentlemen answer this question? Is the power of issue of currency now given to the Federal Reserve banks class legislation? I have heard them exclaim on the floor here today: "Oh, I have got to protect the great American principle of fairness to all." Will these gentlemen get up here and say that they are against the right of issue now exercised by Federal Reserve banks? No; they will not. Well, then, let them explain why that is not class legislation equally with what is proposed in this bill. Now, I am not opposing the present practice of the Federal Reserve System concerning the issue of money. I have not said anything against it; but I do say that men who are for it ought not to talk about class legislation when a farmer's bank wants to participate in it and have some of the rights that are involved in it, especially when the farmer's bank is willing to give better security than anybody else has ever offered.

Now, in this bill we are proposing the very best security that it is possible to offer. We are pledging the farm lands and the farm homes of our people. We are willing to write into the bill also the same regulations concerning the issue of money, including gold reserves, that attach to other issues, and such an amendment will be offered tomorrow. We have dug a hole somewhere out in Kentucky where we have buried our gold; and so far as actual use for redemption of currency is concerned, we might as well have 10 tons of pig iron avoirdupois out there, as to have 10 tons of gold, troy weight. We do not use the metal for redemption purposes anyway; so why do some of us become hysterical when we propose that relief should be given to farmers?

In order further to divide those who ought to remain together, Congressmen are here today stirring up home owners in the towns and cities against this bill. It has been pending for 5 years and not one of these gentlemen has ever proposed an amendment to it. So long as it slept in the Committee on Rules, and so long as it was believed that that committee had provided a sepulcher for it, these gentlemen were perfectly satisfied. But now, after 5 years of struggle and after Mr. LEMKE has been able to drag the bill out of the Rules Committee and to bring it to a fair and open hearing on the floor of the House, these same gentlemen are horrified in suddenly learning that there is no amendment on it for the Home Owners' Corporation. I have heretofore voted for and will hereafter vote for every proper thing that will save the homes of the cities and of the towns. But this bill does not discriminate against them, as claimed. Home owners, it is true, under present laws pay more interest, but home owners are not compelled to put 5 percent of the amount of their loan into an association that guarantees the payment of every other man who has such a loan. Farmers do this.

Is this discrimination? Is this class legislation? Are these gentlemen in good faith? Do they really think that after 5 years, during which time they have fought the bill, they should be allowed now to put an amendment onto it which would murder it? Why have they waited so long to make their suggestions? The reason is manifest. These gentlemen are against the bill, anyway, and always have been, and have heretofore hidden behind the skirts of the Rules Committee.

We must dignify agriculture. We must save farm homes. We must open the door of hope for those who raise our bread. We have no right to eat unless we are willing to pay the cost of producing our food and, in addition, allow a profit to the producer which will put him on an economic parity with men in other industry. The men and women on the farms have struggled heroically. They have risked all of their property and all of their lives that we may have abundance. They have helped to build a mighty Nation. They have seen a vision of brotherhood and justice in a world of reality and of selfishness. They have their ears to the wind. Their eyes are fixed on a far horizon, and they are marching toward it with firm feet. They demand justice, a thing which the wicked fear and which the righteous hope for. They

deserve social and economic parity with industry. Let us give it to them.

Mr. WHITE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and to include therein a table from the Federal land bank which shows the charges on delinquent interest.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Chairman and Members of the Committee, this bill to provide a plan to refinance farm mortgages is a sound and constructive piece of legislation, far more important and necessary than any of the relief legislation that has heretofore been passed by the Congress during this administration. The very integrity of the agricultural industry and the people engaged in farming is at stake.

Mr. Chairman, the object of this legislation is to relieve the farmers of this country of an interest load which, under existing conditions, they cannot carry; and at the same time safeguard the ownership and the possession of the farms by those engaged in the industry, so that they may be secure in the possession of their property and the enjoyment of the fruits of their thrift and industry.

Mr. Chairman, anyone conversant with the financial conditions of the farm owners in this country, the history of foreclosures, and the precarious situation of the thousands of farmers who are vainly struggling to carry an unbearable interest load under impossible conditions knows that the relief to be given under the provisions of this bill must be had, and had quickly, if their farms are to be saved—farms that have been acquired and improved by a lifetime of work and saving.

Mr. Chairman, I speak from the experience of a lifetime in reclaiming and working a farm. No class of people and no industry in this country has been so handicapped and placed under such great disadvantage as have the farmers. The Government has permitted the manufacturing and business interests of this country to organize and stifle competition and fix and maintain exorbitant and unreasonable prices for most of the things the farmer has to buy. At the same time the prices of farm products have been below the cost of production. This disparity in prices can lead to but one end—disaster.

Mr. Chairman, the result of the failure of our Government to correct this short-sighted and ruinous policy of big business has brought ruin and distress to our people everywhere. Is it any wonder that under such hopeless conditions many farmers gave up the struggle and flocked to the industrial centers to compete with the city workers for jobs in other industries or that the young people refused to accept the hardships of farm life and went to the cities to swell the ranks of those who must find jobs?

Mr. Chairman, who can calculate the cost of the failure of the Government to protect the people of this country from the predatory practices of big business in profiteering at the expense of the people engaged in our basic industry—farming?

When the crash that resulted from this folly brought disaster to the people of this country, we know that to save business from complete collapse Congress has made three appropriations for relief totaling the staggering amount of $9,400,000,000 which has increased the interest load being carried by all of us by $282,000,000 annually; and a new appropriation of $1,425,000,000 is now being made for more relief, while the end is not yet.

Mr. Chairman, industry in this country must be reorganized. A plan must be devised so that the citizens of this country can become self-supporting, the population must be redistributed, and industry readjusted on a balanced plan to eliminate unemployment. We must begin at the foundation and restore agriculture by refinancing farm owners.

Let me remind the gentlemen who contend that this bill will discriminate against many farmers because sufficient funds are not provided to refinance all farm mortgages at this time that the same argument could have been used against the R. F. C. when it was created, as only $500,000,000 was appropriated at the time, with the authority to sell an additional billion in bonds. It is impracticable and absurd to demand that an initial appropriation be made to finance all existing farm mortgages by the passage of this bill. Let me also remind these gentlemen that no objection was made to the creation of the Federal land banks, which provided a means to reduce interest on farm mortgages to those who were free to borrow when it was established. Let me further remind the gentleman that it very effectively reduced farm-mortgage interest rates, as I was able to refinance a farm mortgage paying 8 percent quarterly to a Holland bank to 6 percent, with 1 percent of that to apply on the principal in amortization payment, although many other borrowers were unable to take advantage of the new plan at that time.

Mr. Chairman, if we are to save thousands of mortgaged farms throughout the country, this bill must be passed and the farm-loan law amended. In support of the statement I made in the debate with the chairman of the Agricultural Committee [Mr. JONES] when he had the floor earlier in the afternoon, as to the interest charges on delinquent farm-loan payments, I submit as part of these remarks a statement from the Federal Land Bank of Spokane to Mr. A. Klockman, a borrower who has invested a fortune and spent a lifetime in developing a farm in northern Idaho, and now in the evening of life, when the prices of farm products have fallen below the cost of production, with taxes and insurance piling up, he is charged 8-percent interest on delinquent farm payments.

Mr. Chairman, let the opponents of this bill study the statement presented here and tell me if this deserving man, who has put his all into this farm, can ever pay out unless this bill is enacted into law.

THE FEDERAL LAND BANK OF SPOKANE.

STATEMENT OF AMOUNT REQUIRED TO PAY OFF LOAN AS OF FEB. 1, 1936

Borrower: Martha N. Klockmann, National Farm Loan Administration, Boundary County—12, loan no. 33093.

Date of note: Nov. 7, 1924. Original loan, $25,000.

Installment due Nov. 7, 1932. Part payment $116.21, Oct. 22, 1934 ---------- balance	$696.29
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	186.13
Installment due May 7, 1933 ---------- balance	812.50
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	163.45
Installment due Nov. 7, 1933 ---------- balance	700.82
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	112.95
Installment due May 7, 1934 ---------- balance	701.81
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	85.04
Installment due Nov. 1, 1934 ---------- balance	686.45
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	56.63
Installment due May 1, 1935 ---------- balance	488.82
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	20.78
Installment due Nov. 1, 1935 ---------- balance	380.19
Overtime interest at 5 percent to Feb. 1, 1936	4.75
Installment due May 1, 1936 ---------- balance	380.19
Less advance discount on $22,104.49 at 3 percent for 3 months	162.94
Unmatured balance of principal as of May 1, 1936	21,725.30
Interest at — percent from ——— to miscellaneous advance, Nov. 30, 1935	391.00
Extension and interest to ———; interest at 5 percent to Feb. 1, 1936	3.31
1931–34, general taxes advanced, June 18, 1935	3,687.02
Interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	118.18
Filing fee advance, Jan. 20, 1933, $1; May 3, 1934, $1; Mar. 6, 1935, $1	3.00
Insurance premium advanced, Feb. 28, 1935	20.25
Interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936	1.14
Notes receivable, Oct. 1, 1935 ---------- balance	7,500.00
Interest at 4 percent to Feb. 1, 1936	100.00
Notes receivable, Oct. 1, 1935	20,525.70
Interest at 4 percent to Feb. 1, 1936	273.68
Trust accounts credit, Dec. 4, 1935	22.66
Prepayment fee of — percent on unmatured balance of principal for — years to complete 5-year period	
Total	59,639.78

Release of mortgage will be mailed upon receipt of payment of the above amount.

O. H. JUNOD, *Treasurer*.

Prepared by M. H. Checked by R. G. D. Date, January 21, 1936.

Original to borrower. Duplicate to secretary-treasurer. Triplicate to file.

That is not the only injustice that is being done to borrowers by the system being followed by the Federal land banks. When I borrowed $3,000 on my farm they required 5 percent, or $150, as my subscription to the farm-loan association, who, in turn, invested this money in the farm land bank stock. That the Members of the House may know how these subscriptions are handled, I present a letter received from President Ehrhardt, of the Federal Land Bank of Spokane, stating my liability in the matter:

THE FEDERAL LAND BANK OF SPOKANE,
Spokane, Wash., April 25, 1936.

Hon. COMPTON I. WHITE,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN WHITE: Replying to your letter of April 18, our records indicate that the capital stock of the Bonner County National Farm Loan Association is impaired approximately 112 percent as of April 30, 1936.

As you know, the Federal Farm Loan Act provides that shareholders of national farm-loan associations shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

This section of the law was amended June 16, 1933, by the addition of section 744 (a), which provides that shareholders shall not be held individually responsible for any contract, debt, or engagement of the association entered into after June 16, 1933, but this section shall not be construed to relieve any other liability with respect to stock held by such shareholders.

In other words, there is a 100-percent superadded liability on association stock for debts contracted prior to June 16, 1933, but in this connection I think you should take into account the fact that it has not been the policy of the Federal Land Bank of Spokane at any time to impose this liability on association members.

Trusting this supplies you with the information desired, I am,

Very truly yours,

E. M. EHRHARDT, *President.*

And a letter from the officers of the Consolidation of Farm Loan Associations of Southern Idaho with a statement of their liability and also a letter from the Idaho commissioner of agriculture, which explains the workings of the plan in that district:

NATIONAL FARM LOAN ASSOCIATIONS OF
ADA COUNTY, BOISE COUNTY, KUNA, AND EMMETT,
Boise, Idaho, April 27, 1936.

Hon. COMPTON I. WHITE,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN: We wish to call your attention to the following facts in regard to the impairment of capital of the National Farm Loan Associations and enclose statement of financial condition of this association as submitted by the Federal Land Bank of Spokane showing stock impairment of 72.3 percent.

You will note by this statement that there have been certain losses which have been charged to this association and that 5-percent interest has been charged on such losses; also that interest has been charged on estimated losses. As we understand it, these losses are determined every 6 months and the interest is compounded; therefore we have an annual interest charge which continues to grow, and each 6 months our impairment is larger; but we have no income to pay these losses or interest. Therefore it is only a question of a very short time when our 5-percent stock will be wiped out.

Our borrowers were and are compelled to buy 5 percent of their loan in stock, and then this association in turn is compelled to buy equal amount of stock of the Federal Land Bank of Spokane, which stock pays no interest or dividend. Our fees are as large as the applicant should pay, yet barely enough to pay our expenses, so we have no opportunity to create a reserve for losses or interest. Being now associated with the Boise County, Kuna, and Emmett associations in a group office, the Federal land bank now sends us monthly reserve equal to 30 cents per thousand dollars of loans, which amounts to about $47.37 per month, but our interest impairment is about $240 monthly, leaving a monthly deficit of $192.63 without taking into account new losses which are bound to occur.

Under the above arrangement every association, we believe, whether their stock is now impaired or not, is doomed to bankruptcy, because losses will occur sooner or later, and when association stock becomes impaired it continues to increase because of this interest charge.

If we are to be charged interest at 5 percent on our impairment, we believe that we should have 5-percent interest on our capital stock which is invested in stock of the Federal land bank, or we should have some of the interest on the loans made through this association, so that we would have income to offset losses.

We have called this to the attention of the officials of the Federal Land Bank of Spokane, but they inform us that this interest is charged according to regulations issued by the Farm Credit Administration at Washington. They admit that sooner or later our stock of 5 percent will become worthless, but they have no remedy for us.

We ask your assistance in remedying this situation by new legislation or a change in the regulations of the Farm Credit Administration, or both, as we would like to be able to take care of ourselves; but under the present set-up we are doomed to failure.

Yours very truly,

ADA COUNTY NATIONAL FARM LOAN ASSOCIATION,
WM. J. HOLMAN, *President.*
R. H. DAVIDSON, *Director.*
C. A. OLIASON, *Director.*
B. F. HAYNES, *Director.*

Statement of condition of Ada County N. F. L. A. as of Nov. 1, 1935

Agreement signed Mar. 1, 1936

Accountability for:		
Indemnity account—debit		$28,654.83
Interest on indemnity account		9,603.45
Estimated loss on sheriffs' certificates		553.36
Interest on above		34.33
Estimated loss on unsold farms		
Interest on above		2,392.39
Liability to outsiders		891.09
Total accountable debits		42,129.45
Less accountable credits:		
Indemnity account—credit		
Interest on indemnity account		
Estimated profit on unsold farms	$1,469.41	
Reserve in F. L. B. bonds		
Other outside assets	269.52	
		1,738.93
Net accountability [1]		40,390.52
Capital stock		55,860.00

[1] Does not include delinquencies of or advances to borrowers.

Net impairment, 72.3 percent. Class 20.

STATE OF IDAHO,
DEPARTMENT OF AGRICULTURE,
Boise, February 27, 1936.

Hon. COMPTON I. WHITE,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: It has come to my attention on several occasions that in spite of the fact that prices of farm products are materially better than they have been during the past several years, that in many cases throughout Idaho, in fact, almost all cases, our farmers are not making any headway in the way of paying the delinquencies on their Federal land-bank mortgages—barely able to keep up the interest rates. There are several reasons for this.

Many of these farmers have delinquencies which were set up to be paid within a 5-year period. In many cases 3 of these 5 years have already expired, and the contract between the farmer and the Government states that the delinquencies must all be cleaned up in 5 years. One-half of this time has already gone by, and in very few cases have the farmers been able to pay one-half of their delinquencies. If the Government insists that all delinquencies must be paid up in this 5-year period, the farmers are practically right now back where they started.

I am sure we all agree that we are definitely on the upgrade, and that time will be the main factor that will allow our farmers to work from under their burden. If possible, I am sure it would be a saving factor in many instances if this whole program could be set up so that these delinquences could be placed at the end of the loan period and allow the farmer to pay his interest and taxes, and if he had any other money he could put it into general improvements around the farm. There is not one farm in a hundred but what needs equipment of almost every kind and also needs improvements in the way of painting and remodeling buildings. If the farmers have any money at all besides their interest and taxes and the normal payment they are faced with, I am sure it would be put to mighty good advantage right on the farm; and if these delinquent payments that are supposed to be taken care of in this first 5-year period, of which one-half has practically gone, could be placed at the end of the present mortgage or loan, it would make it possible for many to save their homes, which at this time looks as though they will be unable to do.

Naturally, our farmers have only one place to look for assistance like this, and that is to those who represent them in Washington, and I am sure you will consider one of the most serious problems to the Idaho farmer, as well as other farmers, when you take this vital matter under advisement.

With best personal wishes, I am,

Very respectfully yours,

F. LEE JOHNSON,
Commissioner of Agriculture.

Mr. Chairman, there can be no permanent business recovery or real prosperity in this country until the farm owners are relieved of the impossible interest load under which they are laboring. Farm loans must be refinanced, and this bill provides the means to do that without increasing the interest burden of the Government, which cannot be safely increased. I urge every Member to vote for this bill, which will do for our basic industry—farming—what has already been done for other industries by the R. F. C.

Mr. BUCKLER of Minnesota. Mr. Chairman, as the debate on the pending bill is about to close, I want to repeat a

statement I made a few minutes ago for the benefit of the lesser lights in this House. If this bill is defeated, the big perch will get the credit, and all you fellows from the country will get is "hell." There will be someone else here next session warming your seats, and you will be on the outside looking in and asking for a ticket to come in.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 7, line 8, after the word "section", strike out "5" and insert in lieu thereof "4."

Page 7, line 21, after the word "section", strike out "5" and insert "4."

Mr. JONES. Why not wait until we get through with the bill and then ask that all section numbers be corrected?

Mr. LEMKE. This amendment involves the body of the bill and simply corrects the section numbers because we took out a previous section.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 14. The members of the board of agriculture shall keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States. They shall cooperate with county or parish and State governments, and with all farm and cooperative organizations within their respective States, to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

Mr. AYERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Frazier-Lemke bill to refinance farm mortgages, which we are now considering, has been under consideration by the people of this Nation since 1928. Ever since that time it has been introduced in each successive Congress. During these past 8 years the people of the Nation have studied it and have come to understand it. It has been the subject of discussion and debate in every State legislature of this Nation. As a matter of fact, 32 State legislatures have memorialized Congress to enact this bill into law, and every farm organization of the Nation is on record for it, yet it has taken 8 years to get it up for consideration on the floor of the House. The powerful invisible government which we have had to battle in order to pass any progressive legislation since I came to Congress has been the obstacle that prohibited consideration of this bill. The fact that this bill is a farmers' farm-credit bill and not a bankers' farm-credit bill is the reason that it has been delayed so long. If it is defeated now, that same fact is what will defeat it.

The opposition to the Frazier-Lemke bill comes from the same source and from the same interests which have opposed all the recovery legislation which we have passed during this administration.

Mr. Chairman, the opposition to this bill comes from Wall Street, from the international bankers, from those in control of the Federal Reserve System, and from those who have had special privileges for so long that they have come to believe that they and they alone own and control this Government for their own benefit. They are now organized under the title of the Liberty League and are fighting this bill for the simple reason that it is a farmers' farm credit act instead of a bankers' farm credit act. I hope this Congress will wake up to the fact that for that reason we must pass this bill.

This special-privileged class is now using every effort to scare the people and to scare this Congress into the belief that the Frazier-Lemke bill is an inflationary measure and therefore dangerous to the safety of our money system. Mr. Chairman and ladies and gentlemen of the House, let me call your attention to the fact that these special-privileged few have been and are branding as inflationary every piece of legislation or proposed legislation which helps the farmers or toilers of this country; but, according to their ideas, nothing is inflationary that helps the bankers, the Wall Streeters, the industrial institutions of the country, or anything that is connected with big business.

The same tax dodgers who held sway and robbed the Treasury of the United States under the Mellon and Mills regime by evading just taxes and by securing refunds equaling an amount as great as the Frazier-Lemke bill calls for to refiance farmers are the same persons who are now branding this bill as inflationary and dangerous and who are crying about the issuance of $3,000,000,000 worth of money backed by idle bullion in the Treasury and also secured by first mortgages upon productive farm lands. They are also the same persons—Liberty Leaguers—who so strenuously opposed all tax bills which have been enacted by this administration and who are now fighting the bill which the House recently passed levying a tax upon exorbitant reserves. These taxes upon exorbitant reserves were enacted by the House primarily to force the companies having these exorbitant reserves to pay them out as dividends to stockholders who in most instances would be glad to pay the income tax and the surtax in order to secure their just dividends. And then they would put the money into circulation, which in turn would help relieve the depression.

It might be worth taking the time to name just a few of these big corporations holding exorbitant reserves. The United States Steel Corporation has a reserve of over $520,000,000; the Standard Oil Co. of New Jersey, $449,000,000; the American Telephone & Telegraph Co., $401,000,000; General Motors, $270,000,000; the American Tobacco Co., $105,000,000; the Atlantic & Pacific chain-store corporation, $100,000,000; none of which reserves could have been built up had it not been for agriculture, the primary industry of this Nation. Yet when it comes to legitimately helping the agricultural industry all of these concerns call the measure inflationary and insist that it is dangerous to our governmental structure.

Just a little different situation, but what I consider a worse situation, exists with the Ford Motor Co. This is a family corporation with $580,000,000 in reserve deposited in a Ford family bank which purchases tax-exempt Government bonds upon which the Government pays a rate of interest greatly in excess of what is provided that the farmer should pay under the Frazier-Lemke bill. Of course, the Fords do not want to distribute their reserve because, first, if they did the members of the family would have to pay an income tax and a surtax on the dividend distributed to them; and, second, they would lose the interest the Government is paying them for it on their investment in Government bonds.

Of course, I could go on with a recitation of the same state of affairs with the Morgans, the Mitchells, the Chases, the Kuhns, the Loebs, the Mellons, the Mills, the Du Ponts, and many other of the enemies of this bill who are fighting it because it is a farmers' bill and not a bankers' bill.

The inflation argument on the floor of the House since we commenced the consideration of this bill has really become emotional. Almost hysterically we have been reminded of the great inflation of the German mark after the World War, and have been warned that this bill is a first step toward the same disaster that came to the German mark. Now, let me remind you, Mr. Chairman and Members of the House, that in all the history of the world, inflation has never occurred anywhere at any time in a stable government. Let us remember that when the armistice was signed, Germany was the most unstable of all governments on the globe, and the German leaders were wise enough to deliberately and intentionally take advantage of that fact and issue untold quantities of paper money and ruin the value of their currency, thereby wiping out their debt. But you will remember that these German marks were not backed by any gold that Germany had, nor were they backed by any gold that she was to get in the future; hence she wiped out her debt and vastly increased her own wealth.

The German situation is absolutely no argument in this case, for this bill proposes to put the idle gold of the Treasury and the lands of this Nation back of the money that is to be issued for the refinancing of agricultural loans.

This inflation argument is only a straw man being put up with the hope that the Congress will put on its boxing gloves against it and lose sight of the real issue, namely, refinancing the farmer with the best security in the world.

The same people and the same interests who are putting up this inflation straw man are the persons and the interests

who during the last 10 years have manipulated by amendments the Federal Reserve law so that today the Government is printing and delivering to the Federal Reserve System all of the currency of the Nation, except the $1 bills which are issued against the silver in the Treasury, for just the cost of printing. That is a fact, Mr. Chairman and Members of the House; the Government is not receiving one item of interest on the currency issued to the Federal Reserve System. The Government's credit is back of that currency, yet all of the profits are made by individual bankers. All that the Government gets is the cost of the paper, the ink, and the printing, which averages about 30 cents per thousand dollars.

Now that the farmers of the Nation are asking that currency be issued to the extent of $3,000,000,000, which is only about half of what has been issued to the Federal Reserve, and to be secured by the best security in the Nation, upon which they, the farmers, will pay 1½-percent interest and amortize the principal at 1½ percent per annum, the supporters of the Federal Reserve brand it as inflation.

Now, let us compare the money that is issued to the Federal Reserve with that which is proposed to be issued by this bill. The Federal Reserve gets its money absolutely free except for the cost of printing, which is 30 cents per thousand dollars, while under this bill the money to be issued will draw interest at the rate of $15 per annum on each thousand dollars. In other words, the money to be issued under this bill will bring into the Government 50 times as much as that which is issued to the Federal Reserve, and under this bill it will all be profit to the Government, whereas under the Federal Reserve issue the Government receives no profit at all—just the cost of printing.

To refinance the agricultural indebtedness and to make the loans under the Frazier-Lemke bill will not require any new machinery nor any new bureaus, boards, or commissions, and no profit-making enterprise or enterprises will be set up as are set up through the Federal Reserve System, for all of its member banks are private profit-making organizations. Under this bill the loans are to be made through the present Farm Credit Administration, which is already in operation and working. The program under this bill is not new at all. It is simply a program to have the money issued to the Farm Credit Administration and it to make the loans with its present organization, each applicant paying the initial expense incidental to his loan.

Mr. Chairman, before passing this inflation straw man, which has been set up by the enemies of this bill, permit me to say that I have recognized some real "inflation" in the arguments presented against the bill. But it is not money inflation. It is lobby and propaganda inflation. I have heard ideas and facts inflated to the greatest extent I have ever recognized since coming to Congress. For instance, just before the opening of the argument on this bill a 20-page mimeographed summary and analysis of the bill was delivered to the offices of the Members of the House. It is real propaganda against the bill. Some of the statements in it are so inflated that they are really amusing. One statement in particular advises us that 66 percent of the farms of the United States are not mortgaged. That statement is real lobby inflation. Then this propaganda program went on to say that this bill would hurt 85 percent of the farmers rather than help them. What do you think about that for lobby inflation? Then it went on to say that the Federal Land Bank System would be ruined. What do you think about that statement for real lobby inflation?

According to the best information I can get from reliable sources, 80 percent or more of the farm acreage of the Nation is mortgaged; and certainly it takes acreage to produce the agricultural products which feed and clothe a nation of more than 125,000,000 people, so the inflation we are confronted with today is the inflation of lobbying and propaganda against this bill.

I look upon this bill as necessary to bring agriculture back to a reasonable level of prosperity. We can legislate on all other subjects until we are black in the face, but we can never return a substantial and permanent prosperity to this country until we have restored the buying power of the farmer, and we cannot expect the farmer to regain his buying power so long as all of his profits go into interest and taxes. We must reduce his interest rate and we must reduce his taxes—he will do the rest and prosperity will be restored.

Can any Member of this House give any reason why the farmer should not get money at the same rate of interest that the Government is paying on its bonds, at the same rate that the big corporations are paying for their loans? That is one of the first steps in restoring his buying power, and as soon as we restore his buying power farm mortgages become one of the best classes of security in the Nation.

During the World War and during the reconstruction days thereafter our Government loaned billions of dollars to the Allies at 1½ and 2 percent and, by the way, this money was raised by the sale of Liberty bonds to the people of the Nation. From June 1917 to May 1919 over $21,000,000,000 was raised in that way. These bonds carried a rate of interest of 3½ percent and upward, and were sold to millions of people who could not afford to buy them. As a matter of fact, they were sold to people who had to borrow the money to buy them. Farmers and workingmen were really coerced into buying them for fear they would be charged with being German sympathizers. Some of the purchasers never saw the bonds. They were left with the banks as security. In this way the farmer was being actually forced into debt. Then after the war was over, and along in 1920, Wall Street manufactured a little depression for no other reason than to knock the bottom out of the farm prices, including lands and all farm products. This took the bond market down with it. Then all farmers and laborers of the country actually had to have money. They had no credit and were forced to sell their bonds far below par. When the bonds got into the hands of the same people who are now fighting, and always have fought the Frazier-Lemke bill, the bond market went up to par and better and has stayed there ever since. These fellows were profiteers at the expense of the producers and toilers of this Nation.

That is not all, Mr. Chairman, on this subject with which these same people should be charged. See what you think of this: The Government loans made to foreign countries were in most instances conditioned that the money loaned be used for American purchases, and the big manufacturers of this country received the benefits of excellent profits by reason of these loans to the foreign countries.

Now, let us analyze the condition that has put the farmer in the position where it has become necessary for him to have the benefit of the Frazier-Lemke bill. First, he was forced in debt by war conditions. Second, he was forced to sell his bonds at a loss. Third, he could not abandon his farm and he had no place else to go, so he went on and produced the raw materials to the manufacturer at a loss whereby the manufacturer made his profits on the moneys we loaned to the foreign countries. Fourth, the foreign countries repudiated their debts, which necessitated the making up of that sum to carry this country along, and it thereby increased the farmer's taxes in order that his own country be maintained. Fifth, when he could not pay his taxes and interest, the machinery of the law was put into effect to take his farm, either by mortgage foreclosure or by tax title. And now when he needs the benefit of the country he has protected and the interests he has helped we find those interests foremost in the arena fighting him.

These same interests that are opposing the Frazier-Lemke bill, first, on the pretext that it is inflation and, second, on the pretext that the Government cannot afford to issue $3,000,000,000 worth of money to refinance the farmer, were the same people who urged the loans to foreign countries. On these loans there is now over thirteen and one-half billion dollars repudiated; nevertheless, these same enemies of the Frazier-Lemke bill, these profiteers on war loans, these profiteers under the Federal Reserve System, hold this $3,000,000,000 money issue, with the best security in the world back of it, up to the people of the Nation and up to

Congress as absolutely ruinous. Their argument is just not consistent.

Mr. Chairman, under the Frazier-Lemke bill the farmers are not asking for charity. Far be it from that. They are simply asking the Government to treat them the same as it treats other industries and to give them an opportunity to pay their debts by loans at a rate of interest which they can bear. They ask the same opportunity to borrow money from the Government that is given to the industrial interests of the country.

I have called to the attention of this House several times during this and the last Congress that private industry cannot continue to prosper unless agriculture prospers. I reiterate that agriculture is the basic industry of this Nation, and it can only prosper by reducing its interest rate and its taxes; and the passage of the Frazier-Lemke bill is a full step to reduce the interest rate; and when that is done the States and the Government will go together to reduce the taxes and the purchasing power of the farmer will be restored; and then, and not until then, will prosperity return.

I implore you, Mr. Chairman and Members of the Committee, to give us an even break; that is all we ask, and that is all this bill provides for. An even break is just to treat us as industry is treated and to permit us to borrow money at the same rate of interest that industry pays. We are offering the Government better security than industry, for we are offering them the basis of all wealth of this Nation—a first mortgage on our agricultural lands.

The Clerk read as follows:

SEC. 15. The executive committee of the board of agriculture shall advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Farm Credit Administration and the Federal Reserve Board, and they shall cooperate with said boards and with country or parish and State governments and with various farm organizations, and with the agricultral colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness. They shall report any member of the Farm Credit Administration or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of this act, to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and to appoint some other suitable person in his place with the advice and consent of the Senate.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. LEMKE: Page 8, line 8, beginning with the word "and", strike out down to and including the word "by" in line 10.

Page 8, lines 10 and 11, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 8, line 17, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Mr. LEMKE. Mr. Chairman, I want to say that we strike out the following language:

And supervise the work of liquidating and refinancing farm mortgages and farm indebtedness.

In other words, we take away the supervision of the board of agriculture and make it merely advisory to the Farm Credit Administration. There has been some criticism made of taking powers away from the Administration.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MICHENER. Mr. Chairman, this bill is supported primarily by two groups: First, those farmers who because of a lack of parity between agriculture and industry since 1920 find themselves burdened with a mortgage indebtedness bearing a rate of interest that makes it practically impossible for them to ever pay out. That is, considering the prices which they receive for their product and their labor, the taxes which they must pay, and the costs of living and operation which they must meet, this group of our citizens see their farms going on the auction block. They face dispossession. Work as hard as they will, economize as they may, they fully realize that they must be refinanced or liquidated.

It is this group in which I am vitally interested. The urgency of the situation is such that I am willing to go a long way. Since I have been in Congress I have voted for practically every measure looking toward the relief of agriculture. I had little faith in the efficacy of some of these measures, but, feeling so keenly that something must be done for the farmer, I have been willing to chance anything. I signed the Frazier-Lemke petition in this frame of mind. I have tried as hard as I could to bring myself to the belief that the Frazier-Lemke bill, if enacted into law, would in the end be for the good of agriculture. I promised my constituents that I would do everything I could to bring the bill up for consideration. I have cooperated in every way with Mr. LEMKE in bringing this about. Mr. LEMKE and my constituents understand that I have never promised to vote for the Frazier-Lemke bill with all of its provisions.

Second, that group which believes that much of our economic trouble of the present day is due to the monetary system prevailing in our country. These people believe that there is a lack of money or currency afloat in the land. They believe in more currency. In short, they are generally known as currency inflationists. They are apparently interested in refinancing farm mortgages because they find here a vehicle to put more money in circulation. They will espouse any cause if it gives an opportunity to print more money. They supported the Patman bill providing for the payment of the bonus for that reason. We all know, however, that it was impossible for the soldiers to get their money as long as they insisted on printing new money. When this policy was abandoned, some of the most enthusiastic advocates of the payment of the bonus were no longer interested. However, the real friends of paying the bonus were still interested, and as a result the bonus will be paid in June. It is my thought that the farmer must not join up his troubles with any experimental money-issuing project; it matters not who proposes it or how alluring it may seem.

I do not belong to what has come to be known as the inflation group. And my interest in this bill is not motivated by the same hopes or desires that bring this last group to the support of this measure.

I am not going to take any time in reciting the number of farms subject to foreclosure, or in telling of the dreadful condition of agriculture as an industry. These facts are all well known to every Member of Congress. That type of speech has been made time and time again. There is no comfort for the farmer in depicting to him his distress and continuously reminding him of his hopeless condition. The farmer has been fed up on this kind of thing. And to me it approaches demagoguery on the part of those who would continuously preach to the farmer these things. We want a more cheerful aspect.

No one knows better than the farmer himself what his condition is. No one knows better than this same farmer and his family how he has striven ever since the World War to keep his head above water financially. The farmer who is about to lose his farm gets little solace out of the fact that he has plenty of company.

A few years ago one group of our farmers felt that the equalization fee, as embodied in the McNary-Haugen bill, was the solution. Another group was just as sure that the so-called debenture plan would bring the farmer into his own. Still another group was satisfied that the right approach to the problem was through cooperative marketing.

At no time have the several farm organizations and the farmers of the country presented a united front in behalf of any particular type of legislation looking toward relief. So that today we find one group and some sections of the country urging a continuation of the principles of the recent A. A. A., while other sections are violently opposed to this policy of scarcity. Then there is another group who would permit unlimited production, provide adequate tariff protection against foreign imports, and pay a bounty, if necessary, on all exportable surpluses.

The farmer who needs help is not interested in the authorship of legislation; whether the bill originates with the Farm Union, the Grange, the Farm Bureau, or any other organization should be immaterial. The measure should have the support of all agriculture if it is sound. Jealousies between farm organizations do much damage to the cause of agriculture. This is not true among farmers themselves, but human nature is human nature, and the leaders of various groups are bent upon supremacy for the particular organization. If an organization hits upon a good thing, the other organizations should be for it. Cooperation and not extermination is essential.

It is difficult for any student of the problem to arrive at a definite and restricted conclusion. The problem is not solved; and the enactment of this bill will in no way solve the problem in its entirety. It is regrettable that so much misinformation on both sides has gone out to the country concerning this measure.

The bill itself is loosely and poorly drawn. It expresses a hope and pictures an objective, with little attention having been given to the fundamental details and method of accomplishment. I feel sure that in drafting the bill much consideration was given to placing language in the bill that would sell the bill to the farmer. Now, the Congress finds itself in a position where, on the floor of the House, it is to be asked to rewrite the proposed law. Indeed, some of the proponents of the bill here in Washington have asked the farmers, who are to be the beneficiaries, to write and to wire the Congressman objecting to any amendments to the bill. In other words, these honest people have been asked to insist on the bill's passing without any amendments. Now, every Member here knows that this bill should not be passed without amendments. Mr. LEMKE, the author of the bill, would not want the bill passed without amendments; and Mr. LEMKE will offer clarifying and perfecting amendments which he feels are essential if the bill is to be seriously considered. I speak of this because present-day, high-pressure methods are ofttimes making it impossible to write constructive laws. If the honest legislator who is on the ground and knows the facts does not accede to these demands from back home, he is condemned as being opposed to what the law seeks to do.

The Frazier-Lemke bill has been before the House for several years. Those who fervently believe in the measure have only asked for a chance to be heard. When a bill is introduced into Congress it is referred to a committee, and it is the function of that committee to hold hearings—that is, to listen to the proponents of the bill as well as to the opponents of the bill. In these circumstances, the bill is considered carefully, line by line and sentence by sentence, and changes and alterations are always made. This is the sensible and correct procedure. When a bill of the importance and of the far-reaching effect of the Frazier-Lemke bill comes before Congress year after year, then there is but one way to handle the matter, and that is free, open, and fair consideration before the qualified committee and the Congress.

This bill has not had that consideration. The bill was never reported out by the committee with any thought that it would become a law in its present form. That is, the real friends of the bill on the Agricultural Committee, realizing the futility of any efforts in the committee, succeeded in inducing other members of the committee to report the bill to the House without any changes. Unquestionably there were those who felt that that killed the bill.

Efforts were then made to secure the permission of the Rules Committee to have the bill considered by the Congress. The signatures of 218 Members made this discussion and this consideration of the Frazier-Lemke bill possible. We are all agreed that the floor of the House is no place to write a technical bill. And I, for one, would be pleased to return this bill to the committee, where all sides might be heard, and a carefully prepared statute brought back for our vote and consideration. I know, however, that to recommit this bill would be to kill it. In short, no consideration would be given to it, and such a procedure is unthinkable under all of the circumstances.

One thing I like about the gentleman from North Dakota [Mr. LEMKE] is that he realizes that a measure of this kind is most difficult to draw, and that he is not only willing but anxious for constructive amendments.

On yesterday each Member of Congress was presented with an elaborate analysis of the Frazier-Lemke bill, H. R. 2066. This analysis was prepared by the Farm Credit Administration, the agency of the Government which is to administer the Frazier-Lemke Act if it ever becomes a law. The Farm Credit Administration, through its several divisions, is presumed to know more about the administration of agencies loaning to the farmer than any other set-up in the Government. In these circumstances, prudence requires that the Congress give every consideration to the details of this analysis. Again, it is impossible to do this on the floor of the House. The gentleman from North Dakota [Mr. LEMKE] has rightfully criticized the Farm Credit Administration for presenting this analysis at this late hour when the bill is being considered on the floor of the House.

It has been insisted in this debate that the Frazier-Lemke bill is discriminating in favor of agriculture, and that it is also discriminating as between various groups of farmers. There is some merit in both contentions. Yet it is very difficult to enact any law providing for reorganization or refinancing of industry or business of any type that is not in some way discriminatory. All bankruptcy laws are discriminatory. All reorganizations and moratoriums under existing law are discriminatory. That is, the creditor who acted in good faith, and as a matter of accommodation loaned the debtor money or supplied him with goods, has done the work and lived up to his end of the contract, has a right under the law to feel that the debtor will do the same thing. The debtor, however, through no fault of his own, or even through his own reckless habits, is brought to a condition where he cannot do that which he has agreed to do. In these cases, the present law discriminates in his favor, and the creditor must suffer. So, after all, there is discrimination. And I know of no way whereby we are going to enact legislation that will take care of the unfortunate farm debtor without giving to that debtor certain benefits which will not inure to the benefit of the more prosperous farmer.

By the terms of the Frazier-Lemke bill, the law is to be administered by the Farm Credit Administration under the advice and counsel of the executive committee of a new board, to be known as the Agricultural Board. This board is created not by the farmers of the country, but only those farmers who are debtors, and who are to receive the benefits of the Frazier-Lemke bill are to be permitted to participate. These debtor farmers are first to meet in convention in counties, send delegates to a State convention, and the State convention in turn sends a delegate to Washington. There is to be one of these delegates from each State in the Union. These delegates are to receive $15 per diem and necessary traveling expenses while on official business.

These delegates are to select three members of an executive committee, and these members are each to receive $7,500 a year and 5 cents per mile for necessary traveling expenses. Now, remember these expenses are all to come out of the farmer who is refinanced, and are in addition to the 1½-percent interest and 1½-percent principal paid annually. In addition to the board and the committee, clerical help must also be provided for.

There are many who are opposed to the setting up of another bureau of this type for the sole purpose of advising and counseling with the Farm Credit Administration.

This law could not be a success unless the administrator of the law made it a success. As I have just said, the Farm Credit Administration is the administrator. And the Farm Credit Administration is violently opposed to the law. Congress has been advised by the administration that the law is impracticable, discriminatory, unworkable, and will do more injury than good. Is it reasonable that we should pass this bill and place the administration of this law in this

hostile agency? We could not expect the law to be a success, and it would be just another failure, where the farmer would be the goat. The Congress did not know the attitude of the Farm Credit Administration until this bill reached the floor for consideration, and in this connection I cannot condemn too strongly the position of the Farm Credit Administration in withholding this information until the bill was being debated on the floor.

The Farm Credit Administration has thoroughly digested the bill and advises the Congress how the bill will be interpreted and accepted, if it becomes a law. We are told that the administration will cost at least 1 percent per annum on all loans, and at least 1 percent per annum will be necessary to cover losses; and that, inasmuch as the farmer's interest is to be 1½ percent, this would make the actual interest cost to the farmer of 3½ percent per annum instead of 1½ percent set up in the bill. This agency, therefore, concludes that, plus the 1½-percent principal payment, the total payment of the farmer each year would be 5 percent on his loan. Now, this is not some propagandist, some speaker, or some enthusiast talking; it is official and comes from the very people who are to administer the law, if it ever becomes a law. Give serious thought to that.

Attention is called to the fact that approximately 66 percent of the farms of the United States are not mortgaged, and that the mortgage debt on the remaining 34 percent of all farms is estimated $7,770,000,000. It is insisted that the $3,000,000,000 provided under the Frazier-Lemke bill would take care of less than 40 percent of the farmers whose farms are mortgaged at the present time and would, therefore, provide benefits for less than 15 percent of the farmers of the country at the expense of the remaining 85 percent. This agency of the Government further calls attention to the fact that if homes, other than farms, are given the same terms of refinancing, then over $25,000,000,000 of new money will be required. It is argued that this is not a general farm-relief measure, but that it will give the 15 percent of the farmers tremendous odds over the remaining 85 percent in the matter of production cost. And that this would not apply only to those present in distress but to future generations of farmers also. Attention is called to the fact that the 34 percent of mortgaged farms would be given advantage over the 66 percent of unmortgaged farms, because those farms could be sold at a much higher rate for the reason that the mortgagor really would have no equity in the farm; that he could remain as long as things went well, but could move off at any time he saw fit, and would not even have paid adequate rent for the time he occupied the farm.

Under this bill farm-loan bonds would be issued by the Farm Credit Administration just the same as farm-loan bonds are issued under the present law. But the rate of interest would be but 1½ percent per annum on real-estate security and 3 percent per annum on chattel-mortgage security. Now, the money to take up these bonds must come from somewhere, and the bill provides, that first, the bonds must be offered to the public for sale. If they are not taken by the public, then "it shall be the duty of the Federal Reserve and national banks to invest their available surpluses and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds."

Many advocates of the bill have been led to believe that there is now in the vaults of these banks hundreds of millions of dollars that could be immediately invested in these bonds, with the only loss, if any, falling on the stockholders of the banks. All I know about Wall Street is what I read. I live in and represent a typical Main Street district, and of course, this law would apply to the banks in my district. Practically all of our banks closed during the bank holiday, and practically all of them had much difficulty in getting opened. And none of them at this time have much reserves. Whether or not some of them are permitted to remain open depends upon their ability to create sufficient reserves. This bill would absolutely prevent a bank from laying aside reserves to take care of slow assets and to better safeguard the depositors. In the district from which I come, most of the banks pay from 2 to 3 percent interest to the depositors on deposits. How can the small bank in the country pay this interest to depositors and at the same time be compelled by law to invest its available surpluses and profits in 1½-percent bonds? I am sure that I know of many thinking farmers in my district who would not want this bill enacted with such a provision.

The Farm Credit Administration again points out that if it were possible to refinance farm mortgages, as provided in the Frazier-Lemke bill, that this would upset the whole farm-loan machinery. Billions of dollars have been loaned by the Government under the present Farm Loan Act by the Farm Credit Administration. These bonds are outstanding and are held throughout the country. They bear interest at from 3 to 4½ percent and are not callable for from 8 to 10 years. Now, these institutions would have this money, and it would be impossible for them to safely invest the money to earn the interest which the institutions must pay to the holders of these outstanding bonds. The result could be but one thing, and that is default in the payment of the interest on these outstanding bonds, which would mean receivership and eventual liquidation of the system. This would entail the loss of $113,000,000 capital-stock investment, and some 600,000 farmer borrowers through the system, as well as some $217,000,000 which the Government has invested. Understand this is what the Government agency itself tells us today.

No other loaning agency could compete with the Government under this bill. Therefore this bill would throw the burden of financing the total farm-mortgage debt on the Government, which would mean that instead of $3,000,000,000, between $7,000,000,000 and $8,000,000,000 would be required to finance existing debts alone; and that does not include the farms that could be purchased by farm tenants and members of farmers' families. Let us not forget that just so sure as this benefit is given to agriculture, it will be given by Congress to the rest of the home owners of the country. The Government estimates the additional amount at $17,740,000,000.

We can get some idea of the enormity of this proposition when we recall that nearly 750,000 loans for approximately $2,000,000,000 have been made by the Federal land banks and the Land Bank Commissioners within the last 3 years. That the estimated scale-downs in connection with these operations approximate $200,000,000. This has brought about annual interest reductions as a result of such refinancing amounting to $38,000,000.

Now, I assume that the above statements are correct, considering the source. If they are correct, then this bill should not be railroaded through without adequate consideration. Some of us have protested vociferously about the present administration's asking us to vote for legislation that had not been properly considered. And, to be consistent, we should apply the same rule to this legislation, the purposes of which we are in favor.

I want to again impress upon you the fact that it will be absolutely necessary to issue $3,000,000,000 in new money. I am not going to discuss the security back of that money, because under this bill there would be $3,000,000,000 worth, and no more, of farm mortgages and chattel mortgages back of it. That is, on the theory that the loans were just equal to 100 percent of the security.

The question of inflation or expansion is one about which many people differ. There are those who can see no inflation or expansion of the currency in the issue of $3,000,000,000 of new greenbacks. Personally, I feel this is inflation, but I would not fear $3,000,000,000 at all, if the matter ended there. The debate on this floor within the last 2 days has convinced me thoroughly that this measure is but the beginning; and if there is not a tacit agreement, there is at least a friendly feeling between those who believe in inflation that this bill will be followed by a similar bill refinancing urban mortgages. The farmers of my country who are interested in lower interest rates and more considerate terms of payment are as a rule opposed to currency inflation. And one of their leaders from my own State was in my office yesterday and gave me this information and agreed with me

that while $3,000,000,000 as provided is controlled expansion, yet if we include all indebtedness this would be ruinous inflation. Under my responsibility to the farmers of my district, I cannot bring myself to the point where I am willing to step into a boat in a swift current and without oars.

I am sure that my friends who have written me and telegraphed me asking me to vote for this bill without amendment do not mean what they say. This bill provides for a loan on farms up to 100 percent of their fair value plus 75 percent of the value of insurable buildings and improvements. Mr. LEMKE, the author of the bill, recognizes that this provision is not sound or advisable and has offered an amendment to loan only 80 percent on the fair value of the farm. Most of the opponents of the bill voted against this amendment because they wanted to make the bill ridiculous.

The bill also provides that if the farmer's "mortgage and other indebtedness" exceeds more than the actual value of his assets, then such "mortgage and indebtedness shall be scaled down." In other words, the small bank in your home town which has loaned the depositors' money to a farmer on his mortgage, the groceryman who has sold groceries to the farmer, the drygoodsman, the fuel man, and all others, add up the amount owed, and then they are compelled to take whatever the Government wants to pay in settlement, and the debtor gets the entire benefit.

In view of the Supreme Court decision on the Frazier-Lemke moratorium law this provision is clearly unconstitutional. It is so recognized by Mr. LEMKE, and he has offered an amendment striking it from the bill. Yet the farmers back home are insisting on making no changes. They do not mean that, and I am pleased to vote for these perfecting amendments.

The bill, however, as it comes to a vote, is radically different than the bill as the farmers know it. I appreciate that there are those who will say that no material changes were made, and so forth. When we recall that the farmers are for this bill, first, because they believe it reduces their rate of interest to 1½ percent, when, as a matter of fact, as stated by the Farm Credit Administration, the interest rate with overhead will amount to 3½ percent. They are for the bill because it permits them to borrow the fair value of the real estate plus 75 percent of the reasonable value of the improvements. I know many farmers who cannot come under the present law because the Farm Loan Board insists upon too much equity in the property. Now the amendments have changed the bill so that as it will be voted upon the amount to be borrowed is the same as under the existing law. Other farmers are for the bill because it permits them to borrow on their livestock at 3-percent interest. The bill has been amended by striking out all reference to livestock.

The American Federation of Labor, speaking for 50,000,000 people, has today gone on record vigorously opposing the Frazier-Lemke bill because of its inflationary provision. William Green, president, says that the bill is inflationary, that it will upset the whole economic system and bring untold distress and suffering to the wage earner and consumer. Now, we all realize that no one group of our people can long prosper without the prosperity of the other groups. The farmer must have higher prices for his products. Therefore he must sell these products in the American market, and the wage earner is the big consumer in the American market. The American Federation of Labor undoubtedly wants prosperity, and nothing but a sincere belief that this bill is inflationary and will do damage could justify such a pronounced stand taken by the Federation.

The last 2 days, during consideration of this bill, have been exciting days for Members of Congress. Many farmers, as well as many inflationists who favor the legislation, have been in the galleries. As we all know, these groups have visited our offices, urging us to vote for this bill. On the other hand, speaking for myself, no one has approached me or even written to me opposing the legislation, so that my action today will not be guided by the usual story about lobbyists and influences of that kind.

During all my service in Congress I have never had a more trying decision to reach. My district is largely agricultural. Many of my personal friends and acquaintances have been thoroughly sold on this bill. They have mortgages that are due or to become due. They can see no future without relief on the part of the Government. I want to give them that relief. They have a right to expect it from me, and there is no reason why I should not want to do this. However, this responsibility is mine; and while political expediency undoubtedly suggests that I should vote for this bill, yet my conscientious judgment tells me that the bill is not wholesome as it now stands, that it could not and would not accomplish beneficial results if administered by the Farm Credit Administration, for the reasons above stated. The farmer must have a lower rate of interest on existing indebtedness. He must have more liberal terms of payment if he is to remain on the farm, but he must not have, in connection with this, monetary inflation that will destroy his market.

I have urged throughout this session that the Agriculture Committee give attention to some form of legislation which will be of benefit to all farmers and that will assist in making it possible that every farmer who produces on the soil shall have the cost of production for his product, plus a reasonable profit. As between industry and agriculture, if there is to be any discrimination, it must be in favor of agriculture, and the sooner the country recognizes this fact the better.

I am sure that many of my farmer friends will be disappointed in the vote that I am compelled to cast here today, but I have faith enough in those friends to believe that if they knew all of the conditions and understood the situation as I do at this hour and under all the circumstances, they would approve of my vote, rather than condemn it. This bill is not going to pass the House, therefore a vote for it is but a gesture. If it did pass the House, we all know it could not pass the Senate. But if it did pass the Senate, it would be vetoed by the President. Let us remember that it takes two-thirds of each House in any Congress to pass a bill over a President's veto.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 16. The benefits of this act shall also extend to any farmer, or member of his family, who lost his or her farm through indebtedness or mortgage foreclosure since 1921 and who desires to purchase part or all of the farm lost or another like farm. It shall also extend to any tenant, or member of his or her family, who desires to purchase an encumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 9, line 1, strike out "1921" and insert "1928".

Page 9, line 5, strike out the word "two" and insert the words "three consecutive."

Mr. LEMKE. Mr. Chairman, this amendment simply permits the farmers who have lost their farms since 1928 to take advantage of the act instead of those who lost them in 1921.

The amendment was agreed to.

Mr. DIES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIES: Page 9, line 4, strike out "an encumbered farm" and insert "a farm not exceeding $5,000 in value."

Mr. DIES. Mr. Chairman, this amendment is acceptable to the author of the bill and to his steering committee. I invite your attention to the wording of the bill at present, which limits the character of farm which a tenant can purchase to an encumbered farm. If this is left in the bill, it will preclude tenants in many sections of the country from purchasing farms. Also, it will enable mortgage companies to unload farms upon which they have liens and mortgages. It, therefore, is not fair to limit this provision to only those farms that have encumbrances or liens upon them.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. DIES. Yes; I yield.

Mr. BOILEAU. Will the gentleman state whether or not this $5,000 limitation applies to tenants or to all farmers?

Mr. DIES. It applies to tenant farmers.

Mr. BOILEAU. And only to tenant farmers?

Mr. DIES. Yes.

Mr. BOILEAU. In other words, it applies to a tenant who wants to buy a farm, but a man who owns a farm now will not be affected or limited by the amendment.

Mr. DIES. Under the bill as written there is no limitation on the value of the farm to be purchased by the tenant. More than 60 percent of the farmers of the country are tenants today, and tenancy is increasing with alarming rapidity.

In a recent report made by the Secretary of Agriculture he pointed out the seriousness of tenancy in the United States.

Mr. KVALE. Mr. Chairman, will the gentleman yield for one question?

Mr. DIES. Yes.

Mr. KVALE. Does this amendment embody some of the principles of the tenancy bill held up on the other side?

Mr. DIES. Yes; the tenancy bill which was referred to the House Committee on Agriculture and which has never been reported by that committee and evidently will not become law during this session of Congress.

As I said a moment ago, the Secretary of Agriculture in his report pointed out the seriousness of tenancy and directed the attention of the country to the necessity of taking adequate steps to put a stop, as much as possible, to the increase of tenancy in the United States.

In many counties in the South more than 75 percent of the farmers are tenants. A few landlords own the vast acreages that are cultivated by tenant farmers. I hope that my amendment will be adopted. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. DIES].

The amendment was agreed to.

Mr. BINDERUP. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, once more reverting to the proposition that has been stated here several times this afternoon about the Federal land banks; once more reverting, if you please, to the great advantage that the Frazier-Lemke bill will be under this wonderful system, I want especially to talk to those to whom I have listened for the past year and a half talking about the idle textile mills in the New England States. I want to show what an advantage this will be.

The Frazier-Lemke bill is nothing more nor less than just a proposition made to Uncle Sam that says, "We want to go into partnership with you, Uncle Sam. You give us $3,000,000,000 of credit and we will mortgage to you all of our homes, involving three times the amount of money we ask, and we are going to do much better by you than has ever been done before, because, under our proposition, if you give us $3,000,000,000 of credit we will give you $45,000,000 a year in interest, which is 50 times more than you are used to getting from the Federal Reserve banks, and besides this we will make $90,000,000 for ourselves."

I want this thought to go back to the East, because in the West we are buying your products. The farmers in the West have not had a new suit of clothes for 10 years. We are going to buy with this money—and I am taking now the figures from New York State, which shows the velocity of money. This shows that in 1935 money changed hands 72 times in 1 year, and taking 90,000,000 times 72, you have the enormous buying power of $6,480,000,000. This represents the increase in purchasing power. [Applause.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BIERMANN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 9, after line 6, add a new section to read as follows:

"The mortgages for the loan provided in this act shall be so drawn as to provide that when the mortgaged property passes out of the hands of the original mortgagor the loan shall be due and payable immediately.

"This provision shall not apply to inheritances from husband to wife, or wife to husband, parent to child, or child to parent."

Mr. BOILEAU. Mr. Chairman, I make the point of order that the amendment is not germane. It refers to inheritances, and it seems to me also that it is not germane to this part of the bill.

The CHAIRMAN. The Chair thinks that it is germane, and therefore overrules the point of order.

Mr. BIERMANN. Mr. Chairman, I would like the particular attention of the Members in charge of the bill, because I think when they understand this amendment they will accept it. The purpose of the amendment is to eliminate speculation. My amendment provides that if the mortgaged property passes from father to son or wife to husband the mortgage goes with it. But if the property is sold the mortgage forthwith becomes due.

We must assume that a farm carrying a mortgage drawing 1½-percent interest will have a higher value than a farm mortgaged at 5 percent. So there is the element of value added to the farm by the fact that the mortgage carries an uncommonly low interest rate.

My amendment proposes to eliminate the element of speculation in these farms mortgaged at 1½-percent interest. It proposes to confine the benefits to the distressed farmers and to prevent speculation in their farms.

Mr. BOILEAU. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. BOILEAU. It seems to me that the gentleman's amendment has a good deal of merit.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 17. The executive committee of the board of agriculture shall have power in case of crop failures, and in other meritorious cases, to extend the time payments due on loans made under this act from time to time for a period not exceeding 3 years, provided the mortgagor keeps up the payment of all taxes on the mortgaged property.

Mr. KING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KING: Page 9, line 12, after the word "property", insert a new section, as follows:

"For the purposes of this act the term 'State' or 'States' shall include the Territories of Alaska and Hawaii, and the Territory of Alaska shall be held and considered a single county or parish."

Mr. KING. Mr. Chairman, Hawaii is almost entirely an agricultural community, dependent for the livelihood of its people principally on agriculture. Its interest in this legislation now before the House is shown by a joint resolution adopted by the Legislature of the Territory of Hawaii requesting the Congress of the United States to enact this bill into law, which resolution I presented to the House last session.

We have been working steadily toward diversifying our industries and are doing everything within our power to encourage small farming and the raising of food crops. This is a matter of military importance as well as of economic value to the Territory. Any legislation that will make the farmer's burden less is as greatly needed in Hawaii as on the mainland.

The United States census for 1930 shows that we have 5,955 farms, totaling 2,815,026 acres of land, of which 440,579 are improved. The value of this farm property, lands and buildings, is $125,938,756. The proportion of all farms operated by tenants is 72.5 percent, and 30.8 percent of the farms are mortgaged. The total amount of mortgaged debt is $1,123,570, and the ratio of debt to value is 52.3 percent. The average value of the mortgaged farms is $6,321, and the average of the mortgages is $3,305.

While this indicates a healthy condition of our agricultural industries, it also shows that there is a substantial field

for the refinancing of farm mortgages. We have no Territorial agency to serve this purpose and the Farm Credit Administration has but recently been extended to include Hawaii.

When it is realized that we produce for sale approximately $100,000,000 worth of agricultural products annually in addition to a considerable amount of foodstuffs consumed locally, and that we buy American merchandise and foodstuffs to the value of approximately $90,000,000 annually, our deep interest in this legislation, which may have a tremendous effect on agriculture as a whole, can be readily understood.

Hawaii since the date of its annexation to the United States has shared with all the States in bearing every national burden, pays a substantial amount of taxes into the Federal Treasury, has asked for no exemptions not equally applicable to the States of the Union, and asks in return only that any legislation designed to benefit the people of the States be extended to include Hawaii as an integral part of this great Nation.

I sincerely hope that the House will accept the amendment I have offered as a matter of common justice to the Territories of Alaska and Hawaii.

Mr. LEMKE. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Hawaii.

The amendment was agreed to.

The Clerk read as follows:

SEC. 18. This act shall be liberally construed, and no technicalities or limitations shall be imposed or permitted to interfere with the speedy carrying out of its purposes; and the provisions of the Farm Credit Administration and the Federal Reserve Banking System shall apply as far as applicable in the carrying out of the provisions of this act; and all laws or parts of laws in conflict herewith are for the purpose of this act repealed. The persons charged with the duty of carrying out the provisions of this act are authorized and directed to do all things necessary or convenient to accomplish its purposes with expedition.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same, and, pursuant to House Resolution 123, he reported the same back with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. BOILEAU and Mr. KVALE demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 142, nays 235, not voting 51, as follows:

[Roll No. 95]

YEAS—142

Amlie	Carpenter	Disney	Ford, Miss.
Andresen	Cartwright	Dorsey	Fulmer
Ashbrook	Christianson	Duncan	Gambrill
Ayers	Clark, Idaho	Dunn, Miss.	Gasque
Berlin	Collins	Dunn, Pa.	Gassaway
Binderup	Colmer	Eckert	Gearhart
Blackney	Connery	Eicher	Gehrmann
Blanton	Cravens	Ellenbogen	Gilchrist
Boileau	Crawford	Engel	Gildea
Buckler, Minn.	Crosby	Englebright	Gillette
Burdick	Crosser, Ohio	Farley	Goldsborough
Cannon, Mo.	Cummings	Fenerty	Gray, Ind.
Cannon, Wis.	Daly	Fletcher	Gray, Pa.
Carlson	Dies	Focht	Greenway
Griswold	Lundeen	Patterson	Smith, Wash.
Guyer	McClellan	Patton	Spence
Haines	McFarlane	Pearson	Stack
Hildebrandt	McGehee	Peterson, Fla.	Stefan
Hill, Knute	McGrath	Pierce	Stubbs
Hill, Samuel B.	McGroarty	Pittenger	Sweeney
Hoeppel	Mahon	Quinn	Thurston
Hoffman	Main	Randolph	Tolan
Hook	Marcantonio	Rankin	Turner
Houston	Martin, Colo.	Richards	Turpin
Hull	Massingale	Rogers, Okla.	Wallgren
Imhoff	Meeks	Romjue	Wearin
Jacobsen	Miller	Ryan	Werner
Johnson, Okla.	Mitchell, Tenn.	Sadowski	White
Keller	Monaghan	Sanders, Tex.	Withrow
Kniffin	Moritz	Sauthoff	Wolcott
Knutson	Mott	Schneider, Wis.	Wood
Kvale	Murdock	Schulte	Woodruff
Lambertson	Nelson	Scott	Young
Lee, Okla.	Nichols	Scrugham	Zimmerman
Lemke	O'Malley	Secrest	
Luckey	Patman	Shannon	

NAYS—235

Adair	Dingell	Kopplemann	Rich
Allen	Dirksen	Kramer	Richardson
Andrews, N. Y.	Ditter	Lambeth	Risk
Arends	Dobbins	Lanham	Robertson
Bacon	Dockweiler	Lea, Calif.	Robinson, Utah
Bankhead	Dondero	Lesinski	Robsion, Ky.
Barden	Doughton	Lewis, Colo.	Rogers, Mass.
Barry	Doxey	Lewis, Md.	Rogers, N. H.
Beam	Drewry	Lord	Russell
Beiter	Driscoll	Lucas	Sabath
Biermann	Driver	Ludlow	Sandlin
Bland	Duffy, N. Y.	McAndrews	Schaefer
Bloom	Eaton	McCormack	Schuetz
Boehne	Ekwall	McKeough	Seger
Boland	Evans	McLaughlin	Shanley
Boykin	Faddis	McLean	Short
Boylan	Fiesinger	McLeod	Sirovich
Brewster	Fish	McMillan	Sisson
Brooks	Fitzpatrick	McReynolds	Smith, Conn.
Brown, Ga.	Flannagan	McSwain	Smith, Va.
Brown, Mich.	Ford, Calif.	Maas	Snell
Buchanan	Frey	Mapes	Snyder, Pa.
Buck	Fuller	Martin, Mass.	Somers, N. Y.
Buckley, N. Y.	Gavagan	Mason	South
Burch	Gifford	Maverick	Starnes
Burnham	Gingery	May	Stewart
Carmichael	Goodwin	Mead	Sumners, Tex.
Carter	Granfield	Merritt, Conn.	Sutphin
Casey	Greenwood	Merritt, N. Y.	Taber
Castellow	Greever	Michener	Tarver
Celler	Gregory	Millard	Taylor, S. C.
Chandler	Gwynne	Mitchell, Ill.	Taylor, Tenn.
Chapman	Halleck	Montague	Terry
Church	Hamlin	Moran	Thom
Citron	Hancock, N. Y.	Norton	Thomason
Clark, N. C.	Hancock, N. C.	O'Brien	Thompson
Cochran	Hart	O'Connell	Tinkham
Coffee	Healey	O'Connor	Tobey
Colden	Hennings	O'Day	Tonry
Cole, Md.	Hess	O'Leary	Treadway
Cole, N. Y.	Higgins, Conn.	Oliver	Umstead
Cooley	Higgins, Mass.	O'Neal	Vinson, Ga.
Cooper, Ohio	Hill, Ala.	Owen	Vinson, Ky.
Cooper, Tenn.	Hobbs	Palmisano	Wadsworth
Corning	Hollister	Parks	Walter
Costello	Holmes	Peterson, Ga.	Warren
Cox	Huddleston	Pettengill	Weaver
Creal	Johnson, Tex.	Peyser	Whelchel
Cross, Tex.	Johnson, W. Va.	Pfeifer	Whittington
Crowe	Jones	Plumley	Wigglesworth
Crowther	Kahn	Powers	Wilcox
Culkin	Kelly	Rabaut	Williams
Cullen	Kennedy, Md.	Ramsay	Wilson, La.
Curley	Kennedy, N. Y.	Ramspeck	Wilson, Pa.
Darden	Kenney	Ransley	Wolfenden
Darrow	Kinzer	Rayburn	Wolverton
Deen	Kleberg	Reed, Ill.	Woodrum
Delaney	Kloeb	Reed, N. Y.	The Speaker
Dickstein	Kocialkowski	Reilly	

NOT VOTING—51

Andrew, Mass.	Dietrich	Jenkins, Ohio	Reece
Bacharach	Doutrich	Kee	Sanders, La.
Bell	Duffey, Ohio	Kerr	Sears
Bolton	Eagle	Lamneck	Smith, W. Va.
Brennan	Edmiston	Larrabee	Steagall
Bulwinkle	Ferguson	Lehlbach	Sullivan
Caldwell	Fernandez	Maloney	Taylor, Colo.
Cary	Green	Mansfield	Thomas
Cavicchia	Harlan	Marshall	Utterback
Claiborne	Harter	Montet	Welch
Dear	Hartley	Parsons	West
Dempsey	Hope	Perkins	Zioncheck
DeRouen	Jenckes, Ind.	Polk	

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. Speaker BYRNS' name, and he answered "nay."

So the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mrs. Jenckes of Indiana (for) with Mr. Bell (against).
Mr. Green (for) with Mr. Bacharach (against).
Mr. Ferguson (for) with Mr. Cavicchia (against).
Mr. Dietrich (for) with Mr. Dear (against).
Mr. Hope (for) with Mr. Kerr (against).
Mr. Marshall (for) with Mr. Steagall (against).
Mr. Taylor of Colorado (for) with Mr. Andrew of Massachusetts (against).
Mr. Larrabee (for) with Mr. Lehlbach (against).
Mr. Zioncheck (for) with Mr. Harlan (against).
Mr. Doutrich (for) with Mr. Sullivan (against).

General pairs:

Mr. Sears with Mr. Jenkins of Ohio.
Mr. Mansfield with Mr. Perkins.
Mr. Lamneck with Mr. Bolton.
Mr. Bulwinkle with Mr. Hartley.
Mr. Maloney with Mr. Reece.
Mr. Eagle with Mr. Thomas.
Mr. Fernandez with Mr. Welch.
Mr. Claiborne with Mr. Harter.
Mr. Caldwell with Mr. Kee.
Mr. Polk with Mr. Sanders of Louisiana.
Mr. Montet with Mr. West.
Mr. Dempsey with Mr. Utterback.
Mr. Edmiston with Mr. DeRouen.
Mr. Brennan with Mr. Cary.

Mr. PETTENGILL. Mr. Speaker, my colleague the gentleman from Indiana, Mr. LARRABEE, is unavoidably detained on account of illness in the family. If present, he would have voted "aye."

Mr. JOHNSON of West Virginia. Mr. Speaker, my colleague, Mr. SMITH of West Virginia, is absent. Had he been present, he would have voted "no."

The result of the vote was announced as above recorded.

Mr. BANKHEAD. Mr. Speaker, I move to reconsider the vote by which the bill was rejected, and lay that motion on the table.

The motion was agreed to.

EXTENSION OF REMARKS—THE FRAZIER-LEMKE BILL

Mr. O'CONNOR. Mr. Speaker, as we are about to finish the debate on the Frazier-Lemke bill and vote upon its passage, I desire to take the opportunity to reiterate what I have previously said about this measure.

As has been very clearly demonstrated in the debate here during the past 2 days, and as was well known for years by all who took the trouble to investigate, this bill is the greatest monstrosity which was ever presented to any legislature.

If it ever was properly reported out of the Agriculture Committee, it should never have been so reported. The final vote to be taken today, in my opinion, not only justifies the attitude of a Rules Committee of the House of Representatives, irrespective of which party is in power, but should completely justify the decision the Rules Committee has taken in reference to this measure.

From the beginning the Rules Committee has always been willing to grant a hearing on an application for a rule for the consideration of this bill, provided that the request was presented by a majority of the members of the Agriculture Committee, irrespective of party. Such a request has never been presented.

No legislature can conduct its business in town meeting. This bill typically justifies the futility of such a procedure. About 13,000 bills have been introduced into this Congress. Only about 400 will ever become public laws. If the theory of the advocates of this measure was carried to its logical conclusion, every one of the 13,000 bills would be brought on the floor for a town-meeting discussion.

It is the function of the Rules Committee to determine just whether or not a bill is likely to pass the House. The result today will justify the attitude of the Rules Committee as to this particular measure.

To bring on the floor of the House a bill just because it has behind it a demagogic appeal, or an outside influence, is contrary to the proper functioning of a legislative body and its committees.

If anybody did not know before that this was purely an inflationary measure, they certainly know it now. A cruel, dastardly deception has been practiced on the farmer and even on some of the city dwellers in reference to this bill. That deception should now be apparent to all, after we have wasted 3 days in considering this monstrosity, instead of proceeding to the consideration of the 260 bills already on the Union Calendar and about 50 bills on the House Calendar, all duly reported from the standing committees.

The method of legislation by petition will again be demonstrated as inefficient and contrary to good legislative practice. No bill has yet ever become a law which was brought before the House by the petition method.

The letter read to the Committee of the Whole House on the state of the Union today by the distinguished Speaker of the House, addressed to him by Mr. William Green, president of the American Federation of Labor, is a succinct reiteration of the attitude of the wage earner of this country toward such an inflationary measure as this, the Frazier-Lemke bill. In my speech on the floor of the House on February 18 of this year, and again in my remarks in the RECORD of last Friday, May 8, I stated the position of Mr. Green and the wage earner toward this bill.

If this measure ever became a law it would be ruinous to every wage earner in my district, where there are no farms, and to every wage earner throughout the country, and, furthermore, to most of the farmers of the Nation.

During seven terms in Congress I have gladly supported every piece of legislation which would really help the farmer. Irrespective of the fact that there are only 6,000,000 farmers, including tenant farmers, in the whole country out of a population of over 127,000,000, and in addition to the fact that of the 50,000,000 wage earners in this country, only about 10,500,000, or about 20 percent, are employed on the farm, this bill would not help 4 percent of the farmers. It could not possibly help, by reason of its provisions, any farmer having a mortgage on his farm which exceeds the value of his farm, which is the situation in most instances where the farmer is now in stressful circumstances. There is no provision in the bill for the people in the cities who owe $21,000,000,000 in mortgages on their homes, as compared with about eight and one-half billion owed by all the farmers. Wherever the city home owner has been able to borrow funds from the Government, he has been compelled to pay 5-percent interest. This bill would take over the mortgages on the farms at 1-percent interest.

The city home owner can only refinance his mortgage at a valuation of from 60 to 80 percent. Under this bill farm mortgages would be taken over at 100 percent and the insurance companies would receive the billions of dollars to be expended by the Government.

There are only about 33 percent of the farms in the country which have any mortgages on them. Therefore, this bill would not help the other 66 percent of the farmers, who would have to pay the cost of the inflationary feature of the bill.

Nobody believes that the bonds mentioned in this bill could ever be sold at 1½ percent interest on collateral such as cattle and hogs. Therefore, the inflationary provisions of the bill would go into effect at once and we would have $3,000,000,000 of printing-press money, which would increase the living expenses of the wage earner and consequently decrease the value of his wages.

The Federal land-bank system, which has been so beneficial to the farmer, would be absolutely ruined, with a loss of about $113,000,000 invested by 600,000 farmers in the institution and a further loss of $217,000,000 invested by the Government.

Already about $2,000,000,000, comprising about 750,000 loans, has been made to the farmers.

Foreclosures have progressively decreased. There are now only about 19 foreclosures per 1,000 farms, which is substantially the same as in 1926, the normal year before the depression.

With the increase in commodity prices, statistics show that the farmers have been able to pay the interest on their farm mortgages so that there is a gross exaggeration in the statements as to the present-day condition of the farm population.

The unemployment existing today, which we are trying to remedy, is not in the farming sections, but in such districts as mine, where the building trade mechanics, for instance, are still out of employment after years of unemployment. It is they who know what suffering in the depression is as compared to the farmer, who would be the last person on earth who would ever starve.

Most of the activity in support of this bill comes from the so-called farmer who owns thousands of acres of farm land and owes from forty to one hundred thousand dollars in mortgages on their farms. That is not our conception of a farmer. We usually think of a farmer with a comparatively few acres principally devoted to the maintenance of his family. Many of the chief agitators for this bill are, in our opinion, big businessmen with big investments in farms, who never in their life handled a plowshare. We have seen them around Washington with their canes and spats. It is such people as they who have deceived the real farmer and the city dweller as to this bill.

It may have been healthier to expose all this deception on the floor of the House, but I still feel that the attitude of the organization of the House toward this bill was justified and that the vote today will further justify it.

Mr. AYERS. Mr. Speaker, the Frazier-Lemke bill to refinance farm mortgages, now under consideration for the first time by Congress, has been under consideration by the people of this Nation since 1928. During these 8 years the people of the Nation have studied it and have come to understand it. It has been the subject of discussions and debates in every State legislature of this Nation. As a matter of fact, 32 State legislatures have memorialized Congress to enact this bill into law, and every farm organization of the Nation is on record for it.

INVISIBLE GOVERNMENT PREVENTS PROGRESS

The powerful invisible government which we have always had to battle in order to pass any progressive legislation has been the obstacle that prohibited consideration of this bill by Congress for all this time.

Now, Mr. Speaker, this is not a relief bill. It is a farm-credit bill. We are only asking for farm credit in the same terms that industrial credit has been established for the industries of the Nation. This, in reality, is a farmers' farm-credit bill and not a bankers' farm-credit bill, and that is the reason the invisible government has delayed it so long and hopes to kill it in the end.

Lack of understanding by Congress of a real farm-credit system and suppression of such understanding by the privileged interests of this Nation—the invisible government, if you please—is what has hindered farm-credit development, and in reality hindered recovery.

FARMERS NOT ASKING CHARITY—JUST FAIR PLAY

The farmer is not asking for charity in this bill, nor is he asking for relief, except that he be given credit on the same basis as industry.

To set up a program under the Farm Credit Administration through the enactment of this bill would be just exactly the same thing as has been set up for other industries through the Reconstruction Finance Corporation. In the R. F. C. industries secure credit on a business basis and back their loans with property and securities. Under this bill the farmer is to secure credit through the Farm Credit Administration in exactly the same manner. It is just an ordinary business deal where the farmer hires money just the same as industry hires money now through the R. F. C.

In both instances the system is based on local representations, associations, cooperatives, and so forth. In one it is industrially owned and controlled and in the other it is farmer owned and farmer controlled. Take it all in all, it is a permanent system which is democratic in its nature and based upon cooperative principles which have been applied to credit for a long period in this and other countries.

The stigma of aid or charity or relief is not attached to this system, which is meant for the solvent operator with a sound farm or ranch unit upon which, if given a fair chance, he can make a decent living and educate his children. It will stabilize farm credit, it will lower costs of production, and it will lower prices to the consumer, and in the end will make more profits and add security and stability all along the line; it will revive agriculture, the primary industry of the nation, and oil the wheels of all other industry, thereby relieving unemployment and aiding labor in general. It will eliminate the distress cases which are now the problem of the Resettlement Administration, the Seed Loan Administration, and the Farm Credit Administration. The summary is that it will put agriculture back on its feet.

Mr. Speaker, let me say again that this is a farm-credit bill and not a farm-relief bill; but it is a farm-credit bill for the farmers and not a bankers' farm-credit bill. That is the very reason why it has not been brought up for a vote long ago. If it were a bankers' farm-credit bill, we would have no trouble in getting it up for consideration; and if it is defeated today, I am sure it will be because of the fact that it is not a bankers' farm credit bill. O Mr. Speaker, I hope that Congress has waked up to its duty of representing the people and not the privileged few. [Applause.]

REACTIONARIES OF BOTH PARTIES TOGETHER

Mr. Speaker, the opposition to the Frazier-Lemke bill comes from the same source and from the same interests which have opposed all the recovery legislation which we have passed during this administration. What "gets my goat" is that some of the administration leaders right here on the floor of this House are, in the consideration of this bill, throwing in with their avowed enemies. I just cannot understand it. It is too deep for me. That is not the way we do things out in my country.

The opposition to this bill comes from Wall Street, from the international bankers, from those in control of the Federal Reserve System, and from those who have had special privileges for so long that they have come to believe that they and they alone own and control this Government for their own benefit. They have organized under many deceptive heads, the latest of which is the Liberty League, which league in their name is now fighting this bill for the simple reason that it is a farmers' farm credit bill instead of a bankers' farm credit bill.

I have heard supporters of the Liberty League, the Economy League, Wall Street, and the Tammany organization stand up on the floor of this House yesterday and today, crying to the high heavens and shedding crocodile tears for the farmers and relating how they have always voted for and helped the farmers of this Nation, and that they are doing it now on this bill by voting against it. They infer that the farmer is misguided, they insist and state that they are coming to his rescue. They are self-appointed guardians of the farmer.

Well, Mr. Speaker, let us call a spade a spade; that is what we do out in Montana, and that is what I have always done here. The farmer of this Nation does not need a guardian. He knows what he wants and he knows why. So if these so-called friends desire to help him, let them go with him on this bill. [Applause.]

WALL STREET FARMERS FARM THE FARMER

The special-privilege classes have always voted for agricultural measures in which they see 10 times the benefit to themselves as that which goes to the farmer. They usually wrote such measures and branded them as farmers' legislation. True, they supported the Farm Credit Administration and the legislation creating it, also the old Farm Board. They did that because they saw 4½- to 6-percent interest coming to them on tax-exempt bonds which they would purchase to finance it, and, remember, the farmer in the end paid that interest, both on his loan and on the bonds, and then took up the slack on the tax exemption of the bonds.

Now that this bill proposes that the Government refinance the farmer at 1½-percent interest, they are for him being against it. That is what we call out home "hitting below the belt when the referee isn't looking." But what I am trying to do, Mr. Speaker, is to put this into "slow motion" so the picture will show the real facts.

A CAMPAIGN OF FEAR ON INFLATION

The special privileged class is now using every effort to scare the people and to scare Congress into the belief that the Frazier-Lemke bill is an inflationary measure and therefore dangerous to the safety of our money system and of our Government. True, it is inflationary to the extent that it expands our currency to the extent of $3,000,000,000, but please remember that this expansion is protected by more than twice that amount of idle gold bullion in the Treasury, and this expansion, not inflation, is further protected by first mortgages on the agricultural lands of this country—the best security in the world.

ANSWER TO INFLATION CHARGE

Let me remind you, Mr. Speaker, that inflation never occurred in any stable government in this world, and let me challenge our adversaries on that subject.

The most peculiar thing that I have noticed since coming to Congress is that the special privileged few of this Nation have always branded as inflationary every piece of legislation which helps the farmer and the toiler of the country; but according to their ideas nothing is inflationary that helps the bankers, the Wall Streeters, the industrial institutions, or big business. This inflation idea in a stable country like ours is just a bugaboo. It never has and cannot come about in a stable country. I shall answer that in detail later when I take up and answer the arguments that have been put up about the German marks. That has been a scarehead and a bugaboo on the floor yesterday and today.

TAX DODGERS AND TAX REFUNDERS OPPOSE BILL

The same tax dodgers and tax refunders who held sway and robbed the Treasury of the United States under the Mellon and Mills regimes, by evading just taxes and by securing refunds equaling an amount greater than the Frazier-Lemke bill costs for refinancing farmers, are the same persons who are now branding this bill as inflationary and dangerous, and who are crying about the issuance of $3,000,000,000 worth of money backed by idle bullion and secured by first mortgages on farm lands. They are the same persons, now organized as Liberty Leaguers, and who strenuously opposed all tax bills which have been enacted by this administration, and who are fighting the present tax bill which proposes to levy a tax upon exorbitant corporation reserves. These taxes upon exorbitant reserves are proposed primarily to force the companies having such reserves to pay them out as dividends to stockholders who in turn will be glad to pay income taxes and surtaxes on the same in order to secure their just dividends. They would put this money into circulation, which, in turn, would help relieve the depression. [Applause.]

It might be worth while in this connection to take the time of the House to name just a few of these big corporations now holding exorbitant reserves for the benefit of the big stockholders and to the detriment of the average stockholder. The United States Steel Corporation has a reserve of over $520,000,000. Just think of it. More than one-sixth the amount that it will take under the Frazier-Lemke bill to refinance farm mortgages. Then, the Standard Oil Co. of New Jersey has in its reserve over $449,000,000; the American Telephone & Telegraph, $401,000,000; General Motors, $270,000,000; the American Tobacco Co., one hundred and five million; the Atlantic & Pacific chain-store corporation, $100,000,000.

The average stockholder of these companies would be mighty glad if these tremendous reserves were reduced to a reasonable amount, and they, as stockholders, had distributed to them their just dividends. It is they who are entitled to it, but the big stockholders of these companies who are likewise stockholders in banks where these fabulous reserves are deposited, are the stumbling blocks in every instance. They keep these enormous reserves to make profits for themselves in their banking enterprises in which the average stockholder has no interest, and this is the way they do it: They buy tax-exempt bonds, through their banks, upon which they secure all the profits as stockholders of the bank which holds the reserves on deposit. It is a case of using the other fellow's money for their own gain and in beating him and beating the Government also to their own individual profit.

Then there is another class of these exorbitant reserve corporations in which there is just a little difference, but which I consider worse than those I have just named. They are the "family corporations", such as the Ford Motor Co. It has $580,000,000 in reserve, which is deposited in a Ford family bank, which purchases tax-exempt Government bonds upon which the rate of interest greatly exceeds that which is provided the farmer shall pay under the Frazier-Lemke bill. Just think of it! One family corporation with a reserve of more than one-sixth the amount that is provided to refinance the farmers under this bill, and this family is not paying a penny of taxes on this income which they hold in reserve; but, on the contrary, through their family banking connections, they are actually investing the money in tax-exempt and interest-earning Government securities. Of course, these families do not want to distribute these reserves because, first of all, if they did, the members of the family would have to pay an income tax and a surtax on the dividends distributed to them; and, second, they would lose the interest the Government is paying them on this money which they should primarily pay to the Government.

I could go on with a recitation of the same state of affairs with the Morgans, the Mitchells, the Chases, the Kuhns, the Loebs, the Mellons, the Du Ponts, the Mills, and many other family Liberty League enemies of this bill. All of these people are against the farmer being refinanced directly through the Government as is proposed by this bill because it would tend to break down their bond racket. In short, they are fighting this bill because it is a farmer's bill and not a banker's bill.

INFLATION CANNOT EXIST IN A STABLE GOVERNMENT—GERMAN ARGUMENT REFUTED

The inflation argument on the floor of the House since we commenced the consideration of this bill has really become emotional. Almost hysterically we have been reminded of the great inflation of the German mark after the World War, and have been warned that this bill is a first step toward the same disaster that came to the German mark. Now, let me remind you, Mr. Speaker and Members of the House, that in all the history of the world, inflation has never occurred anywhere at any time in a stable government. Let us remember that when the armistice was signed Germany was the most unstable of all governments on the globe, and the German leaders were wise enough to deliberately and intentionally take advantage of that fact and issue untold quantities of paper money and ruin the value of their currency, thereby wiping out their debt. But you will remember that these German marks were not backed by any gold that Germany had, nor were they backed by any gold that she was to get in the future; hence she wiped out her debt and vastly increased her own wealth; first, by wiping out her debt; and second, by preserving and keeping her gold; and third, by not obligating any gold she might acquire in the future.

The German situation is absolutely no argument in this case, for this bill proposes to put the idle gold of the Treasury and the lands of this Nation back of the money that is to be issued for the refinancing of agricultural loans.

This inflation argument is only a straw man being put up with the hope that the Congress will put on its boxing gloves against it and lose sight of the real issue, namely, refinancing the farmer with the best security in the world. I beg of you, Mr. Speaker and Members of the House, do not let them fool you with this straw man.

FEDERAL RESERVE GETS ITS MONEY AT COST OF PRINTING—WHY CANNOT THE FARMER GET HIS AT A REASONABLE RATE OF INTEREST?

The same people and the same interests who are putting up this inflation straw man are the persons and the interests who during the last 10 years have manipulated by amendments the Federal Reserve law so that today the Government is printing and delivering to the Federal Reserve System all of the currency of the Nation, except the $1 bills which are issued against the silver in the Treasury, for just

the cost of printing. That is a fact, Mr. Speaker and Members of the House; the Government is not receiving one item of interest on the currency issued to the Federal Reserve System. The Government's credit is back of that currency, yet all of the profits are made by individual bankers. All that the Government gets is the cost of the paper, the ink, and the printing, which averages about 30 cents per thousand dollars.

Now that the farmers of the Nation are asking that currency be issued to the extent of $3,000,000,000, which is only about half of what has been issued to the Federal Reserve, and to be secured by the best security in the Nation, upon which they, the farmers, will pay 1½-percent interest and amortize the principal at 1½ percent per annum, the supporters of the Federal Reserve brand it as inflation.

Now, let us compare the money that is issued to the Federal Reserve with that which is proposed to be issued by this bill. The Federal Reserve gets its money absolutely free except for the cost of printing, which is 30 cents per thousand dollars, while under this bill the money to be issued will draw interest at the rate of $15 per annum on each thousand dollars. In other words, the money to be issued under this bill will bring into the Government 50 times as much as that which is issued to the Federal Reserve, and under this bill it will all be profit to the Government, whereas under the Federal Reserve issue the Government receives no profit at all—just the cost of printing.

NO NEW BUREAUS REQUIRED

To refinance the agricultural indebtedness and to make the loans under the Frazier-Lemke bill will not require any new machinery nor any new bureaus, boards, or commissions, and no profit-making enterprise or enterprises will be set up as are set up through the Federal Reserve System, for all of its member banks are private profit-making organizations. Under this bill the loans are to be made through the present Farm Credit Administration, which is already in operation and working. The program under this bill is not new at all. It is simply a program to have the money issued to the Farm Credit Administration and it to make the loans with its present organization, each applicant paying the initial expense incidental to his loan.

INFLATION IS IN ARGUMENT AND NOT IN BILL

Mr. Speaker, before passing this inflation straw man, which has been set up by the enemies of this bill, permit me to say that I have recognized some real "inflation" in the arguments presented against the bill. But it is not money inflation. It is lobby and propaganda inflation. I have heard ideas and facts inflated to the greatest extent I have ever recognized since coming to Congress. For instance, just before the opening of the argument on this bill a 20-page mimeographed summary and analysis of the bill was delivered to the offices of the Members of the House. It is real propaganda against the bill. Some of the statements in it are so inflated that they are really amusing. One statement in particular advises us that 66 percent of the farms of the United States are not mortgaged. That statement is real lobby inflation. Then this propaganda program went on to say that this bill would hurt 85 percent of the farmers rather than help them. What do you think about that for lobby inflation? Then it went on to say that the Federal land bank system would be ruined. What do you think about that statement for real lobby inflation? [Laughter and applause.]

According to the best information I can get from reliable sources, 80 percent or more of the farm acreage of the Nation is mortgaged; and certainly it takes acreage to produce the agricultural products which feed and clothe a Nation of more than 125,000,000 people, so the inflation we are confronted with today is the inflation of lobbying and propaganda against this bill.

INTEREST AND TAXES OF FARMERS MUST BE REDUCED

I look upon this bill as necessary to bring agriculture back to a reasonable level of prosperity. We can legislate on all other subjects until we are black in the fact, but we can never return a substantial and permanent prosperity to this country until we have restored the buying power of the farmer, and we cannot expect the farmer to regain his buying power so long as all of his profits go into interest and taxes. We must reduce his interest rate and we must reduce his taxes—he will do the rest and prosperity will be restored.

Can any Member of this House give any reason why the farmer should not get money at the same rate of interest that the big corporations are paying on their loans? That is one of the first steps in restoring his buying power, and, as soon as we restore his buying power, farm mortgages become one of the best classes of security in the Nation.

FARMERS AND TOILERS FORCED INTO DEBT AND THEN THEIR SECURITIES DEFLATED

During the World War and during the reconstruction days thereafter our Government loaned billions of dollars to the Allies at 1½ and 2 percent and, by the way, this money was raised by the sale of Liberty bonds to the people of the Nation. From June 1917 to May 1919 over $21,000,000,000 was raised in that way. These bonds carried a rate of interest of 3¼ percent and upward, and were sold to millions of people who could not afford to buy them. As a matter of fact, they were sold to people who had to borrow the money to buy them. Farmers and workingmen were really coerced into buying them for fear they would be charged with being German sympathizers. Some of the purchasers never saw the bonds. They were left with the banks as security. In this way the farmer was being actually forced into debt. Then after the war was over, and along in 1920, Wall Street manufactured a little depression for no other reason than to knock the bottom out of the farm prices, including lands and all farm products. This took the bond market down with it. Then all farmers and laborers of the country actually had to have money. They had no credit and were forced to sell their bonds far below par. When the bonds got into the hands of the same people who are now fighting, and always have fought the Frazier-Lemke bill, the bond market went up to par and better and has stayed there ever since. These fellows were profiteers at the expense of the producers and toilers of this Nation. [Applause.]

FOREIGN LOANS HELPED INDUSTRY BUT INJURED FARMERS

This is not all, Mr. Speaker, on the subject with which these same people should be charged. See what you think of this: The Government loans made to foreign countries were in most instances conditioned that the money loaned be used for American purchases, and the big manuacturers of this country received the benefits of excellent profits by reason of these loans to the foreign countries.

Now, let us analyze the condition that has put the farmer in the position where it has become necessary for him to have the benefit of the Frazier-Lemke bill. First, he was forced in debt by war conditions. Second, he was forced to sell his bonds at a loss. Third, he could not abandon his farm and he had no place else to go, so he went on and produced the raw materials to the manufacturer at a loss whereby the manufacturer made his profits on the moneys we loaned to the foreign countires. Fourth, the foreign countries repudiated their debts, which necessitated the making up of that sum to carry this country along, and it thereby increased the farmer's taxes in order that his own country be maintained. Fifth, when he could not pay his taxes and interest, the machinery of the law was put into effect to take his farm, either by mortgage foreclosure or by tax title. And now when he needs the benefit of the country he has protected and the interests he has helped we find those interests foremost in the arena fighting him.

These same interests that are opposing the Frazier-Lemke bill, first, on the pretext that it is inflation and, second, on the pretext that the Government cannot afford to issue $3,000,000,000 worth of money to refinance the farmer, were the same people who urged the loans to foreign countries. On these loans there is now over thirteen and one-half billion dollars repudiated; nevertheless, these same enemies of the Frazier-Lemke bill, these profiteers on war loans, these profiteers under the Federal Reserve System, hold this $3,000,000,000 money issue, with the best security in the

world back of it, up to the people of the Nation and up to Congress as absolutely ruinous. Their argument is just not consistent. [Applause.]

FARMERS ASK ONLY FOR AN EVEN BREAK

Mr. Speaker, under the Frazier-Lemke bill the farmers are not asking for charity. Far be it from that. They are simply asking the Government to treat them the same as it treats other industries and to give them an opportunity to pay their debts by loans at a rate of interest which they can bear. They ask the same opportunity to borrow money from the Government that is given to the industrial interests of the country.

I have called to the attention of this House several times during this and the last Congress that private industry cannot continue to prosper unless agriculture prospers. I reiterate that agriculture is the basic industry of this Nation, and it can only prosper by reducing its interest rate and its taxes; and the passage of the Frazier-Lemke bill is a full step to reduce the interest rate; and when that is done the States and the Government will go together to reduce the taxes and the purchasing power of the farmer will be restored; and then, and not until then, will prosperity return.

I implore you, Mr. Speaker and Members of the House, to give us an even break; that is all we ask, and that is all this bill provides for. An even break is just to treat us as industry is treated and to permit us to borrow money at the same rate of interest that industry pays. We are offering the Government better security than industry, for we are offering them the basis of all wealth of this Nation—a first mortgage on our agricultural lands. [Applause.]

Mr. BURDICK. Mr. Speaker, under leave given to all Members on May 14 to extend their remarks, I desire to present what I believe were the reasons why the Frazier-Lemke farm debt refinance act was defeated.

During the coming campaign, many reasons will be given. Some will say that William Green's letter, read by Speaker BYRNS, was the decisive stroke. In my opinion, Green's letter had no effect whatever.

Do you suppose that the 22 Republicans who deserted the cause on the final vote were influenced by Green? Do you think the old reactionary Republicans, the real hardshells, were influenced by Green? If they were, it is the first time in history this was ever done. Do you think Green influenced the old-line reactionary Democrats? The reading of the letter by the Speaker of the House no doubt did influence some wavering Democrats, and even then it was not the letter so much as it was the words of admonition of the Speaker, who is personally the best-liked man in Congress. The administration could not have picked a better man to admonish the House, and, of course, the administration knew it. Besides that, Mr. BYRNS was honestly against the bill and always has been.

There were two principal reasons why the bill was defeated; one reason applying to all Democrats and one reason applying to almost everyone who voted against it. The first reason was: That if the measure passed, it would have to be passed by Democrats, they having 322 members out of a total of 435. The President was against the measure, as he claimed it was against his financial policy, and the appeal was made to Democrats to support the President. That sentiment was uttered time and time again on the floor of the House during the debate. Speakers did not overlook telling the Democratic membership that this was a Republican measure, being introduced by WILLIAM LEMKE, of North Dakota, a nonpartisan Republican, and really the one man who was responsible for Roosevelt's vote in North Dakota in 1932. But that was all forgotten. It was forgotten in the fall of 1934 when the Democrats in North Dakota tried to defeat him; it will be forgotten this time when the Democrats will try to do the same thing.

This appeal to party regularity and to follow the President was one of the big factors in defeating the measure.

A second reason was that there were a great number of the Members who believed this measure was nothing but an attempt to inflate the currency. If that term "inflation" did not influence a great many, it at least gave a great many the "excuse" they were looking for. The Republicans bellowed loud and long on this term "inflation", and many of the Republicans who would have liked to help the farmers were scared pink by this bugaboo, "inflation."

Every week in the year, yes, every day in the year, we are issuing currency in the same way. Of the $5,000,000,000 in circulation, the Federal Reserve Board has issued 80 percent of it. Issued it on what? Issued it upon securities deposited with the Secretary of the Treasury. This security may be Government bonds—it may be commercial paper. There is no limit to what can be issued in this way. The Reserve Board pays no interest on this money. The Treasury Department hands over the new currency on this security and the Reserve Board collects the interest on the security deposited and collects the interest on the money every day it stays in circulation. In this way the private interests of the country collect double interest. More than that, the currency issued to the Reserve Board can be and is loaned out in credit 10 times, 20 times, as much as 50 times, and thus interest is collected on untold millions of "book" money.

All the Frazier-Lemke bill attempted to do was to cut out this "private grab" in interest and furnish the money to refinance farm debts. By cutting out this "private interest grab" the rate to farmers could be reduced and at the same time the Government would receive an income from its money which would wipe out the United States Government debt in 47 years. Of course, if this were done, the "private money fraternity" would lose their interest grab and, therefore, the "money interests", including the Bankers Association of America, the Chamber of Commerce of the United States, Wall Street, and their puppets began the chorus of "inflation, inflation."

This was the real thing that defeated the bill, just as the words "death sentence" defeated the power bill twice in the last session. It was a play on words that worked. I think many of the Republicans knew better, but they were not looking for reasons, they were looking for excuses. The reactionary or conservative Republicans represent the "money oligarchy of the North" and the reactionary or conservative Democrats represent the same interest in the South. When the call goes out to support the "money changers", Massachusetts and Virginia, regardless of party, rush to the rescue. A few examples may be in order. The Senator from Virginia is so conservative and heeds the call of the money changers so willingly that the Republicans in Virginia endorse him on their ticket. The Congressman from New York, a Republican, rails day after day about the terrific expenses of the Democratic Government, but when a bill comes up which will give millions to the "special interests", he rushes across the Chamber and embraces the doctrine of the Democratic leadership. Birds of one feather always flock together, and I will defy anyone, anywhere, to find any difference in the attitude of the Congressman from New York and the Senator from Virginia on subjects such as banking and currency, ship subsidy, loans to railroads, banks, insurance companies, outlandish appropriations for the Army and Navy, and all other kindred subjects. This attitude is not the Congressman's fault—he represents people who have these views—and in this he is a true representative.

While the bill had to run the gantlet of all these reasons and excuses and false philosophy, the two constant, unerring, and all-weather friends of the bill were the National Farmers' Union of America and the Reverend Father Charles E. Coughlin, of Detroit. From President Edward H. Everson and Secretary E. E. Kennedy, of the National Farmers' Union, down to every State office and every local in America came support to this bill. The Farmers' Union is composed of the real tillers of the soil, and not the swivel-chair farmers who have received big checks from the enforced scarcity program of the New Deal. Without the untiring efforts of these two national officers of the Farmers' Union, the measure would never have come to a vote in the House. The men who plow and sow and reap—the men and women who are

fighting for a mere chance to stay in the "old family home"—can point with just pride to the work done by their trusted officers.

Rev. Father Charles E. Coughlin has endeared himself to millions of suffering farm people. It is the first time in American history that the prejudice of religious differences has been entirely eliminated among the many millions of farm people, and I am sure that those farmers will pray for his continued health and strength to carry on in a righteous cause. Without his help, this measure would never have come to a vote.

The farmers owe a debt of gratitude to the hundreds of labor councils of America who urged the passage of this bill, and a greater debt of gratitude to those labor leaders in Congress who stood up for the farmers in defiance of the orders issued by labor's national leader. In spite of this unsuspected thrust in their back, the farmers of America, through their Representatives in Congress, will still support the just cause of labor.

The farmers know now who their enemies are. They know who their friends are. They are now prepared to go into a real battle, having definitely drawn the enemies' fire. The farm people may be left by this Congress unprotected, but their spirits cannot be subdued. Important history will be made in the next few months, and the farmers of America will be vital factors in writing that history.

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, this House will vote today on the so-called Frazier-Lemke bill which provides for refinancing farm mortgages at lower interest rates and with opportunity to pay off the debts. From the standpoint of the debt-burdened farmer this is the most important and most-needed legislation which has come before this Congress. The bill has been before Congress since 1930 and was reported favorably by the House Committee on Agriculture on May 3 a year ago. The Rules Committee refused to grant a rule by which it could be brought before the House and it was necessary for those of us who favor this legislation to resort to the use of a petition to discharge the committee and bring the bill up for consideration.

The necessity for genuine farm-credit relief is a result of many years of oppression of our American farmers. Farmers buy their necessities in the sellers' market at the sellers' prices and sell their products in the buyers' market at the buyers' prices. They pay the freight on everything that they buy and pay the freight on everything that they sell. A very large proportion of the dollar paid by the consumer is retained by the large distributing corporations which pay enormous salaries and dividends on watered stock.

Agricultural producers have operated under even worse conditions since 1921, when they were forced into a depression, and they have been down ever since. It has now been conclusively proven that the Federal Reserve officials acted deliberately at that time to deflate the farmer by destroying his credit. This was done by demanding payment on his notes, denying him further credit, and forcing him to sell his products upon a glutted market. This procedure destroyed his market and forced prices below cost of production. The losses ran into billions of dollars. His farm-land values also shrank, and he has been required to sell his products since 1921 at prices out of all proportion with reference to parity with prices he is required to pay. A system that will not provide cost of production to the farmer is indefensible.

In view of the action of the Federal Reserve officials in 1921 it is only fair that the Government now use the power of the Federal Reserve System to extend credit aid to the farmer similar to that which it extends to business. The plan proposed in this bill will accomplish this result. Under the present Federal Reserve law, the procedure when new Federal Reserve note paper money is issued is as follows: The business interests borrow money from the banks which are members of the Federal Reserve System. The banks take the promissory notes or other securities to the Federal Reserve Board's agent, who issues Federal Reserve notes to them without interest. These Federal Reserve notes pass freely as money and are accepted the same as any other paper money.

This legislation merely proposes to aid the farmer in the same manner. Under its provisions when the farmer borrows money from the Farm Credit Administration giving his land mortgage as security, the Farm Credit Administration, acting as the farmer's bank, is allowed to go to the Federal Reserve Board's agent and receive from him Federal Reserve notes. The only substantial difference is that under this legislation the Government will realize a profit from the transaction, when the farmers pay the Farm Credit Administration 1½-percent interest for the use of the money. Under the present Federal Reserve System nothing is paid the Government for the use of the new money except the very slight cost of the printing and handling.

The opponents of this bill have made emotional appeals for its defeat because they say it will result in inflation. Those who are alarmed over inflation, however, say nothing about the deflation through which the farmer has passed. They ignore the fact that many of the farmers are today struggling to pay mortgage debts incurred during the high war-time prices, of a 50-cent dollar, and that the dollars which farmers are called upon to pay back now are of much higher value.

When Federal Reserve notes or paper money is issued to finance business activities that is regarded as sound policy and instead of being called inflation it is termed "a flexible and elastic currency system." In order to meet the objections of those who fear inflation, however, the steering committee, of which I am a member, has approved and sponsored several amendments. One of these amendments authorized the President to use the stabilization fund and the free gold in the Treasury to back any Federal Reserve notes issued under this proposed law. Another amendment which has already been adopted provides that only real estate can be mortgaged to the Government, removing the provision which allow loans on farm personal property. Another amendment which has received approval limits the amount of the loan to 80 percent of the fair value of the property.

Mr. Speaker, hundreds of thousands of American farmers have already lost their homes, their business assets, and their means of making a livelihood. Insurance companies, banks, and other creditors have foreclosed on them, and they have been evicted. The situation in our agricultural sections is still very serious. It is estimated that today farmers are losing their homes and property, which in many cases represents the entire savings of the life-long toil of several generations, at the rate of about 2,000 per week. About one-fourth of these foreclosures are being made by the Federal land banks, the governmental agency which we have been told here is taking care of the farm-credit situation. This record shows that the Federal land banks are not saving and cannot save the farmers. May I not say that I am not against the Federal land banks, which are the agents of the Farm Credit Administration, but I believe that they should have the same authority and advantages to function in the interest of the farmer that the Federal Reserve System banks have to function in the interests of business.

Years of economic oppression have driven the farmer to such a low financial level that unless we act at once millions of them will not survive. Through the Federal Reserve System and the Reconstruction Finance Corporation urban business has been saved from foreclosure and bankruptcy. Did those who now cry inflation criticize the issuance of billions of dollars in currency and credit to insurance companies and business interests generally to save them? The Frazier-Lemke bill is the only legislation which has been introduced in this Congress which will do the same thing for the great American agricultural business.

For years American farmers have been the victims of those who control their credit and the operations of an outmoded private banking system which exploits them and takes the fruits of their long hours of labor. The Nation's money monopolists have used our private banking and credit system to enrich themselves and to deflate and exploit the farmers and the producers of the Nation until they have almost become the serfs of the money changers.

Mr. Speaker, the banking, monetary, and credit system now in private hands and manipulated by them in the interests of their small group, should belong to the people and be controlled by them through their representatives. The Frazier-Lemke bill will help to break the grip of these exploiters. It is a step in the direction of the ultimate goal. It should be passed today to give the farmers genuine relief from the staggering burden, high interest rates, and an opportunity to pay off the principal of their debts.

Mr. COCHRAN. Mr. Speaker, "Equal rights to all, special privileges to none." That phrase has been uttered millions of times by public speakers since the immortal Thomas Jefferson first expressed it.

Who is the man or woman, after reading this bill, that can say it extends equal rights to all and special privileges to none?

Although I come from a district entirely within the limits of one of the large cities of the country, I have honestly and faithfully been doing everything I can to assist the farmers, because, as I have often said, I fully realize that the unemployment situation in the cities will never be eliminated until there is prosperity among the farmers of the country. Of course, we cannot sell what we manufacture in the cities unless there is a market, and that market can only be created when all the citizens of our country have money to spend. With that thought in view, I repeat, I have supported legislation that would be beneficial to the farming interests, and it is my purpose to continue to support proper legislation when I feel that it will be helpful to the farmers, which means it will be beneficial to the people I represent who manufacture that which the farmer buys.

The author of the measure as well as others who are supporting the bill have stated that they are not doing anything in the bill that the Federal Reserve bank has not been doing. Not only in connection with this legislation, but many times on this floor, you have heard the argument in regard to Federal Reserve banks being permitted to issue Federal Reserve notes. If that system is wrong, then the law that permits the Federal Reserve banks to issue Federal Reserve notes should be repealed, but surely we are not going to correct that situation by passing this legislation, because two wrongs will not make a right.

I honestly feel this bill, if it is ever enacted into law, will be the start of a period of inflation that cannot be stopped. I am firmly convinced that inflation means destruction.

If we are to provide ways and means for the farmers to secure loans through a Government agency on the basis as provided in this bill, then we must do the same for the home owners, for the hospitals, the churches, the hotels, the apartment-house owners, as well as for the owners of the stores and factories. If you are to extend equal rights to all and special privileges to none, no one who votes for this bill can deny the same right to the others that I have mentioned.

Under the provisions of the pending measure, although it provides for $3,000,000,000, it will take at least $9,000,000,000 to finance all of the farm mortgages in the country on this basis, and if the Government is to take over the city mortgages, the amount needed will be anywhere between thirty and fifty billion dollars. If that will not ultimately lead to inflation, expansion of the currency, or whatever you want to call it, then what does it mean?

I do not question the honesty and sincerity of any Member of the House but I do question their logic. Are proponents of the measure in agreement on the outstanding question involved—that of inflation or expansion of the currency? If you have listened to the debate, of course, you must answer this question in the negative. The author denies it will lead to inflation, as do many who have consistently advocated passage of the bill, while others evade that question. However, it remained for one outstanding Member of this House, the gentleman from Oklahoma [Mr. NICHOLS], whose ability cannot be questioned and whose frankness we all have admired, to declare without reservation that beyond question the bill will bring expansion of the currency, and he further stated that this is the outstanding reason that compelled him to support it. He further forcibly declared that everyone knew that the bonds could not be sold with the rate of interest provided, and the only way the money could be secured would be to issue currency.

The danger sign, "Stop, look, and listen," should be in evidence here today. Who will buy bonds paying such a rate of interest? It is inconceivable that the public will invest. If this be so, as Mr. Nichols says, then the bonds will remain with a Government agency and the currency comes forward. The three billion will be followed by other billions, and if equal rights are advanced to all, those billions, when you have taken care of the home owner and other property owners, I repeat, will mount to anywhere from thirty to fifty billion.

You have heard the views of the American Federation of Labor as expressed by Mr. William Green, president, speaking for the executive council. Let me quote in part from that letter:

> Labor knows and understands that the proposal to print and circulate billions of currency as proposed in the Frazier-Lemke bill will very likely affect the economic well-being and status of labor. We know quite well that when inflation of this kind and character embodied in the Frazier-Lemke bill is adopted commodity prices rise but wages stand still. We cannot subscribe to this sort of economic philosophy. Labor would suffer in living standards, reduced buying power, and the problem of unemployment would become more acute. There are other features of the bill which are highly objectionable.
>
> For this reason we call upon our friends in Congress to vote against the enactment of this legislation. We are confident that the best interests of the wage earners of the Nation would suffer very greatly if by any chance the Frazier-Lemke bill would be enacted into law.

The American Legion that fought for years for the payment of the adjusted-compensation certificates refused at all times to endorse a bill that provided for the payment of the certificates through the medium of printing currency. The Legion saw the dangers of inflation. These patriotic men, much as they wanted the certificates paid, stood solidly against inflationary measures.

We need not go back a hundred years for examples as to what has happened when a country has provided for expansion of the currency. Just look at what happened in Russia, Italy, Austria, Germany, France, and other countries that tried this in recent years.

Only last night I was talking to a special correspondent of a newspaper who made several visits to Russia. He happened to be there during the inflation period of 1923, and he related an experience that is an example of what occurs when the printing presses start running, printing currency. The Russian ruble was at one time worth around 50 cents in our money. The printing presses were going in 1923 when he was in Russia. He told me he was required to pay 75,000,000 rubles for a duck that he later had roasted for dinner. The farmer who sold him the duck for 75,000,000 rubles was required to pay 150,000,000 rubles, or the price of two ducks, to secure 5 pounds of sugar. This shows the farmer received plenty of paper for his duck, but he was required to pay plenty of paper to secure 5 pounds of sugar.

In Germany it took a market basket full of currency to buy sufficient food to last over the week end. Ninety-five percent of the savings accounts in that country were wiped out during the inflation period, and all insurance policies became worthless. One could go on at length giving examples of the destruction that follows a period of inflation.

The good people I represent depend upon me to protect them against destructive legislation. I would not be true to the trust imposed in me if I did not oppose this bill.

Mr. FOCHT. Mr. Speaker, that's the question, What is inflation, or how many kinds of inflation are there?

And would currency issued on farm-loan bonds of 80 percent of the reasonably estimated or appraised value, with 40 percent gold reserves behind the bonds, be inflation, or issuing printing-press or wall-paper currency?

Recently there was an open, running debate in Congress of 6 hours, and throughout that prolonged talkfest no Member got anywhere near explaining the definition of inflation, and none ventured to say that currency issued as was proposed in the Frazier-Lemke bill could by the widest and wildest stretch of the imagination be called inflation of the

German kind, where there was not a scintilla of value back of the mark.

There were those who voted for the Frazier-Lemke bill who are for sound money and against cheap or depreciated currency, and supported the bill to give the hard-pressed farmers a break and a chance to pay farm hands a good wage and make several crops and get on their feet.

I did that very thing, after careful investigation and voting for a number of perfecting amendments, and all the while keeping in mind how willing America was to help European countries to over twenty billions without any security, while our farmers are willing to put up their land as security for the refinancing they desire, which is the most valuable thing in the world—land—from which comes the sustenance of human life.

Thus with so many interests in disagreement in regard to "inflation" it is clear that not too many understand what it is all about. From Wall Street to the labor leaders, the President, Speaker of the House, Democratic and Republican Members, farmers, and the head of the Committee on Labor, Mr. CONNERY, we have a confusion of voices on the subject.

Prof. Lewis Haney, of the New York University, makes the inquiry, Who started the present inflationary moves?

He thus goes on to say that the Hoover administration began to let down the bars with its R. F. C., Federal Farm Board, and nibbling at the standard for our money. The Roosevelt administration ran away with the idea.

It both devalued the dollar and abandoned the gold standard, thus making its Federal Reserve notes no better than greenbacks. It has made all of us, through our Government, debtors by borrowing at the banks and issuing billions in checks which are no better than greenbacks.

It has put its notes, which are almost noninterest bearing, into the banks, thus creating deposits which are the basis for checks—deposit currency—that are no better than greenbacks.

How much better than greenbacks are its silver certificates?

Why not go ahead and kill all the wasteful spending and distribution of our funds by the bureaucrats?

Who started the move to "lighten the burden of debt"? The Roosevelt administration did. It was under this slogan that they went ahead with inflation, borrowing, farm bonuses, organization of unproductive "work relief" armies, artificial lowering of interest rates, and other devices for destroying our savings.

One idea in the Frazier-Lemke bill was to make farm owners out of farmers who could not pay for their farms—to give farms away. Well, is that any worse than the attempt to make laborers out of men by giving them work to do that does not pay—giving wages for boondoggling? Is it any worse than giving people cheap housing that they cannot pay for? Is it any worse than sinking our savings in unproductive public works?

Much of organized labor was for the Frazier-Lemke bill, but one branch helped to defeat it. Why, then, should organized labor defend schemes for giving labor incomes that are not earned, and if not earned cannot be paid? Why can they not see that inflation of any kind endangers their real incomes?

The whole show has come down to an effort by selfish "pressure groups" to get something for nothing. And it all has the same outcome, namely, the destruction of our savings by taxation and by inflation, both of which kill thrift.

Now that the different kinds of inflationists are at odds, and the New Dealers, Coughlinites, and Townsendites are clashing—to say nothing of internal struggles between Ickes and Hopkins—is it not a good time to call a halt to the whole process of dividing up the carcass?

I do not believe that the average American likes it or can see any sense in it. He says to himself, "I might as well get mine", but he adds, "as long as others are doing it." Thus I believe if we quit the whole mess at once and restore an economy of common sense, we will find that most of us will be glad to get back to sound money and productive employment. We want to earn our incomes and to be able to keep what we earn.

If we can only stop the waste and have reasonable certainty as to our savings and investments, we will gladly pay the taxes and give the relief necessary to tide over the readjustment and to balance the Budget. Only thus can we attain real prosperity.

The head of the American Federation of Labor, Mr. Green, took the President Roosevelt or administration side of the issue, or against the farmer, while there was a hard counter from A. F. Whitney, president of the Brotherhood of Railway Trainmen, located in Washington. He wrote to Congressman WITHROW, as follows:

MAY 6, 1936.

DEAR SIR AND BROTHER: I am enclosing herewith copies of letters I have just addressed to Senator LYNN J. FRAZIER and Congressman CHESTER C. BOLTON.

These letters are self-explanatory, and I urge you to do whatever you can to assist in the enactment of the Frazier-Lemke farm refinancing bill.

Fraternally yours,

A. F. WHITNEY, *President.*

Congressman WITHROW also read into the CONGRESSIONAL RECORD the following letter from President Whitney to Senator FRAZIER:

MAY 6, 1936.

Hon. LYNN J. FRAZIER,
United States Senator, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I note the required 218 signatures have now been obtained on the Frazier-Lemke bill, and the bill will come up for discussion in the House on May 11. This organization has consistently favored this legislation, for we realize that the farmers of this Nation are fast descending into a state of peasantry and will continue to do so unless some financial relief is obtained for them. I am communicating with our national legislative representative, Mr. J. A. Farquharson, 10 Independence Avenue SW., Washington, and asking him to give this bill his support.

I am glad to be of assistance in this worthy legislation, and I heartily agree with you that, in view of the fact that 32 State legislatures have endorsed this bill, it should be enacted without amendments, for certainly the majority of the people must favor such legislation.

With best wishes, I am,
Sincerely yours,

A. G. WHITNEY,
President, Brotherhood of Railroad Trainmen.

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Speaker and Members of the House, I have listened with a great deal of interest to the discussion of this bill, due largely to the fact that I come from that section of the country where the people are unanimously in favor of the Frazier-Lemke refinancing measure, and to the further fact that I sincerely feel this to be the most important piece of legislation ever presented to this Congress.

It seems to me such legislation is actually vital to the welfare of the Nation and will prove of tremendous political significance. By this vote we express our sentiments as to whether or not we favor the farmer's retaining his home, or favor helping him to find his way to the dole, along with the 20,000,000 already there. It occurs to me that most of the argument that has been made for and against this bill has proceeded upon the wrong basis. We ought not talk about this as an investment matter of commercial nature. If I judge the sentiment right, money loaned to farmers to save their homes is an investment in the security of the Government of the United States and in the perpetuity of the institutions under which we live. [Applause.]

Of course, I do not know anything about conditions in the big cities, but I do not think it is material. This is what happened last year when we had under consideration the H. O. L. C. bill. We appropriated an additional $1,750,000,000 to you. You did not claim in this discussion that that money was to be borrowed by the owners of the property in the cities. It was freely admitted here that that was added to the former $3,000,000,000 that had been paid by the Government of the United States to save the building and loan companies from failure. God knows I sympathize with you men who live in the cities. I have not been to many big cities, but I want you to have your homes secure, just as the farmers of this country must have theirs if we continue as a government.

Do you know that out in our portion of the country the farms of Oklahoma, Kansas, Colorado, and Texas are fast going into the hands of mortgage companies? They are the ones who received the benefits under the A. A. A. simply because the farmer was driven off by foreclosure. The Farm Credit Administration and the Federal land banks, of which the gentleman from Texas spoke today, while they were of some benefit to the farm people out there for a while, have of late been a complete dud. I can give you illustration after illustration. If a man has a farm worth ten or twelve thousand dollars and has a mortgage on it for $2,500, he often cannot have it refinanced because the appraisers are too conservative. The security is too good and the mortgage company wants the farm. [Applause.]

I know of one farm adjoining a paved highway not over 4 miles from good market towns. This farm is generally reputed to be worth from $10,000 to $12,000 in these times of depression. The owner made an application to borrow $2,800 under the Federal Farm Act to save it from foreclosure. This amount has been denied him, and not on account of any title defects and not on account of the moral responsibility of the risk.

The rate of interest offered under the Farm Act is not an inducement to the farmer because he is unable to borrow sufficient money to save his property.

The opponents of this bill contend that by reason of the 5-percent interest rate provided for in the Home Owners' Loan Corporation Act, and the 1½-percent interest rate provided for in the Frazier-Lemke bill, there is a discrimination that ought not to exist against the city property owner. They do not complain that the interest rate is too low, for I am sure they are well aware of the fact that the Government of the United States has repeatedly loaned large sums of money to corporations organized to purchase ships that were built during the war. These corporations got all the money they wanted at from one-eighth of 1 percent interest up.

If the opponents from the cities want money for their constituents at 1½-percent interest instead of 5-percent interest, I am sure that every man who signed the Frazier-Lemke petition will sign another petition to force the Rules Committee to report out such bill in event the Rules Committee should be opposed to the bill, and in the further event the chairman should be unable to control his own committee. To me it seems more like child talk than statesmanship for the city man to oppose this bill on the ground that the Home Owners' Loan Corporation fixes an interest charge of 5 percent on city loans while this bill permits the farmer to have money at 1½ percent. It is much the same argument as the youngster that has eaten a piece of cake objecting to another having any cake at all because his piece was smaller than the piece the other is about ready to eat.

It is generally known that there is quite as much distress in the cities as in the farm areas, but that fact furnishes no ground or excuse for any conflict over extension of assistance to either group. Indeed, knowledge of such conditions furnishes what should be a common bulwark behind which the forces of city dwellers and farmers should make a determined and concerted stand against the power that is constantly laying siege to every home, urban or rural, in America.

Instead of fussing about favoritism to one group, it is better to pass this bill and then immediately amend the Home Owners' Loan Corporation Act so that the city home owner shall have every advantage of cheap interest rates that the terms of this bill takes to the farmer.

In addition to the effort made by certain Members to prejudice Members from the cities against this bill the Speaker took the floor and read a letter from Mr. William Green, in which he as president of the American Federation of Labor called upon all of labor's friends in Congress to vote against the bill because commodity prices would rise and because it is inflationary. This letter was written in Washington on May 13 by Mr. Green, and on the same day was read by the Speaker. Mr. Green's hostility had not been heard of until the letter was read.

Indeed, it was the prevailing opinion that labor was in full sympathy and accord with the farmer and his program, and the letter was exploded with the effect of a grenade attack from friends within the camp. This letter, while provoking indignation against Mr. Green, evidently will cost the bill enough votes to defeat it. I am suspecting that the letter was pursuant to a legislative trade made possible by House leaders who had become jittery over fear of meeting defeat at the hands of Members favoring this bill, and I anticipate that we may look forward to favorable committee action on one or more bills in which Mr. Green has vital interests, but which have not yet received favorable action.

Wedges dividing the city Member and the country Member, and dividing the laborer and the farmer, have thus been driven in the desperate but, perhaps, successful effort to defeat this bill. These wedges were driven in reality because of fear that the liberals in Congress were making a threatening assault against the right of a few men to own and control the balance of our population. It is history repeating itself—kings heretofore have been shrewd enough to drive the entering wedge between factions opposing their usurpation of power and have for a while made themselves more secure. Finally the deceived become disillusioned, the throne topples, and the people themselves assume control of government.

There is no need for laborer and farmer to fly at each other's throats. Neither is receiving a fair part of the distribution of the national income, and, of all groups, they should stand shoulder to shoulder to obtain this. It is a great blow that Mr. Green has dealt the farmer; it has staggered him and his friends; but the farmer has borne the brunt of so many battles he is still undaunted and unafraid and is ready to carry on in order to live. Evidently Mr. Green forgot that while the farmer's yearly income is $273, the yearly income of the people he represents is $908. If he had given this consideration, he surely would not have called on the friends of labor in Congress to stab the farmer in the back. I have voted for labor legislation with consistency, and shall continue to do so, but leadership such as he displayed in this case is loaded with dynamite for the fellow that has to work for a living. The farmer cannot live on $273 a year. In this bill he presented a plan to Congress whereby he could keep his farm, live on it, raise and care for his family on it, and the Government of the United States, instead of being out any money, would, for the first time in its history, make money out of the transaction. Two million farmers have been foreclosed in the last few years, and several hundred thousand more are in position to be foreclosed. If these foreclosures take place, another million of our people will be added to the dole and about 250,000 homes lost to America.

We must not forget that the farming industry is older than the Government and that it must not be destroyed. The picture seems rather dark, and it appears that the farmer must resolve hereafter, if no better solution can be provided for him, to live the life of the inferior, to assume the mental attitude and the place of a lower caste, to eat the coarser foods, to wear rougher clothes, to have simple furnishings in his home, to walk instead of ride, to meagerly feed his children on his farm produce with the aid of the dole, and yet be required to be about his labor before dawn, to pursue it 10 to 18 hours per day in order that the balance of our population may be fed and clothed and housed and entertained in a manner befitting their higher station in American life, the farmer being our line of defensive peons and agriculture debased to the point of reproach. The field, heretofore a happy place for labor, will become a place where only the hungry and the swine shall keep company and from which boys and girls of ambition shall walk away. Up to now the glory of American life has been farm life. Not so from here on. Almost every person has known the thrill of seeing splendid modern farm houses, large barns, sleek stock, clean and well-kept premises, a nearby commodious school building with busses hurrying the youngsters into the schoolhouse, the community center for 4-H Clubs and other activities, and upon seeing, one realizes that here

is the real America. Destroy this, and you blot out 300 years of American progress.

If we fail to enact a law similar to this, it means that we propose to classify the farmer on a level lower than that of the average American citizen. He has done nothing to warrant any discrimination against him. There ought not to be any discrimination against any class in this country. Men in all walks of life are found who render great and distinguished service to our Government. But what greater or more distinguished service can any man or class of men render than the farmer? By his incessant toil we are supplied with all the needs and comforts of life. We turn to the farmer for bread, meat, clothing, and all else necessary to sustain human life. He utilizes the maximum of daylight hours in the field. Returning, with lantern in hand, he robs the dark night of its aversion to work, as he dimly feels his way among the sheds and stables ministering to his stock. Rain and snow have no terrors for him. The weather he takes as a matter of course, for his is a work that cannot be delayed. From an hour before dawn until late bedtime, year in and year out, he labors to produce those things without which we cannot live. I call that service of the highest type that can be rendered by any American.

We must not forget that there are untold numbers of tenant farmers and sharecroppers in direful distress by reason of the present conditions. Among these are many of the most desirable people in America. They own no land from which they can receive benefits of the Soil Conservation Act. In a large measure they must depend upon the magnanimity of the landlord. That is not the kind of security to offer a free man. Home ownership will bring the same kind of protection to tenant and sharecropper as to landlord. This is as it should be, for the benefit of the law should be to the producer and not to the land. If the landlord produces the crop he is entitled to all the benefit. If the tenant or sharecropper produces it, then he is entitled to all the benefit, less the rental or share he agrees to pay the landlord for use of the land. This is the law of landlord and tenant as we have always known it.

All the metropolitan newspapers and the magazines and periodicals of the country claim this bill is inflationary, and their theme song is "Financial Sanity Is Needed." Their idea of financial sanity is not to interfere in the least with what we have. Let the Morgan group continue in its present financial trend, with power to fix or change the prices of crops or labor at will. They want to continue to have the right to have currency issued on their demand only, in such amounts as they prescribe, based upon nothing but thin air, and when the Frazier-Lemke bill proposed that the Federal land bank be given the right to issue currency secured by the solid earth—the home land of our farmers—a wail was set up that wild inflation was about to take place.

The inflation talk was due to the fact that the big interests could not hope for any profit from the issuance of money in this proposed way. The Federal Reserve bank is privately owned and wants to continue in its exclusive right to issue and control money. The Frazier-Lemke bill asks for authority of the Federal land banks to issue currency for refinancing farm loans secured by first mortgages. The Federal land banks are farmers' banks. The Federal Reserve banks are bankers' banks. The scare of inflation raised by opponents of this bill will have the effect to have more and more tax-exempt bonds issued, thus increasing the strength and power of the very rich over our Government. If this bill is defeated, responsibility will be due alike to the leaders of both Democrat and Republican Parties in the House.

The $9,000,000,000 debt on farms cannot be paid as long as the present financial methods are employed. What the future has in store for the farmer is the greatest of all social and economic problems. In European politics and wars a crushing defeat has just been administered to helpless Ethiopia. Mussolini boastfully said, "Ethiopia is Italy's." Just now the financial conquest of the farmer is complete. I am wondering who may arise to proclaim, "The farmer mine."

Mr. DINGELL. Mr. Speaker, proponents of the Frazier-Lemke farm bill further argue that the farmer must have still lower interest rates on his mortgages and loans than he now enjoys; instead of money at 3½ percent now available they demand money at 1½ percent. This, it is claimed, must be brought about in order to restore the farm prosperity. This argument is as specious as any that has ever been advanced by demagogues who would mislead the Nation in order to gain political favor and advantage.

I submit proof in refutation of their fallacious reasoning. Allow, for example, that the farmer pays on an average of 6 percent on his mortgages, although he does not; in fact, he can now borrow at 3½ percent, which would mean a total amount of $180,000,000 interest per annum on $3,000,000,000—$3,000,000,000 provided in the Frazier-Lemke bill as a revolving fund.

Should the Frazier-Lemke bill become a law the same farmer element would pay at the rate of 1½-percent interest per annum on the same amount of $3,000,000,000, or $45,000,000 per annum. Divided among the 6,000,000 farms the average per farmer saving in interest would amount to $22.50 per annum.

Perhaps the Frazier-Lemkeites will argue that the $3,000,000,000 would serve as a revolving fund to refinance approximately $9,000,000,000 in farm mortgages, and that my first example is unfair, even though I tried to be more than fair to the opposition by using 6 percent as the basis charged the farmer when a 3½-percent rate is applicable under the Gillette law, so let us cite two definite, concrete examples extending the plan and the savings to the farmer under the plan to the maximum possible degree.

Take for example:

Six billion dollars at 3½ percent equals $195,000,000 per annum.

Six billion dollars at 1½ percent equals $90,000,000 per annum.

Net savings to the 6,000,000 farmers, $105,000,000 per annum.

Divide $105,000,000 savings among 6,000,000 farmers and the average saved will be $17.50 per capita, or $5 less per farmer than my first illustration.

Take the same example and use as a basis for calculation the amount of $9,000,000,000, which stretches the plan to the maximum extent of its revolving possibilities, i. e., using the $3,000,000,000 three times, and here is how it appears in cold figures.

Example:

Nine billion dollars at 3½ percent equals $315,000,000 per annum.

Nine billion dollars at 1½ percent equals $135,000,000 per annum.

Net savings to 6,000,000 farmers, $180,000,000 per annum.

Divide $180,000,000 savings in interest among 6,000,000 farmers and the average saved will be $30 per capita, or about $7.50 more than shown in my first example.

I have always argued that the farmer can and will pay his interest and other obligations if he receives a fair price for the crops he produces. Reasonable interest does not stand between prosperity and the farmer, so reduction of interest rates as in this instance shown will not fulfill the glittering promises of the misguided proponents of this measure.

Paying the farmer a just price for what he produces is the surest way to prosperous farming. If that is not true, then let us lower the interest rates and forget about fair prices.

Speaking of farm prices, this administration went a long way toward restoring farm price levels. The 2 cents per pounds hogs, 10 cents per bushel corn, 26 cents per bushel wheat, and 3 cents per pound cotton of February 1933 under Hoover rose to 13½ cents for hogs, nearly 90 cents for corn, above a dollar for wheat, and at least 12½ cents for cotton. I am proud of the farm record of this administration and so is every fair-minded farmer. I am anxious to give the man in the city a chance to catch his breath as he tries to

keep up with the rising prices before I attempt to further aid the farmer at the expense of the man in the city.

Recent figures show that the average of what the farmer produces was being sold at or about 58 percent above the Hooverian era, while at the same time what the farmer has to buy, such as implements, machinery, and other necessities, increased about 17 percent—a net difference in the farmers' favor of about three and a half times, and we are all glad of this favorable trade balance.

In the United States we, the American people, organized great mutual associations for the protection of our loved ones and we refer to them as insurance companies or fraternal insurance societies. There are, of course, some stock companies, but the great bulk of the companies operating are what are known as mutuals. Under the laws of our country these mutual and benevolent associations are compelled to incorporate and the earnings of these associations are equitably distributed among the policyholders or among their beneficiaries. State laws prescribe rigid regulations as to investments, business practices, and even as regards insurability in order to protect the millions of policyholders and their dependents.

Let us do everything we can to aid the farmer and the man in the city, but let us take heed lest we destroy 90 equities of policyholders in order to aid 6 farmers, whether they need help or not. Let me remind you people laboring in the cities and you people tilling the soil of the farms that I am speaking of you when I speak of the mutual associations known in America as insurance companies and as fraternal insurance societies. There are far more policies issued than there are people in this country. If you undermine the investments of these associations, you are destroying your own equities and the future security of your loved ones.

While the banking institutions are not as a rule mutuals, and therefore not organized for the benefit of the depositors but for the benefit of the stockholder, still we are all deeply interested in the stability of our banks and the banking system. We in Detroit remember only too well the historic bank crash. Fortunately, however, this administration, because of the aid it rendered and the painstaking care which was given to the problem, made possible the pay-off of all small depositors 100 cents on the dollar.

To prevent recurrence we provided insurance for all bank deposits up to $5,000, which covers something like 98 percent of all depositors. Here is a significant thought for you to ponder over. While 14,000 or more banks failed under the three preceding Republican Presidents and billions of dollars were lost to the millions of depositors, under Roosevelt less than 70 banks were closed, with only about $14,000,000 involved, without the loss of a single dollar to the depositors, all because the deposits were insured under a far-sighted and workable plan.

Who are the people holding insurance policies and having bank deposits to their credit in this country? Rich people? Or any particular class? Not at all. For every rich man holding a policy or a bank-deposit book, you can count a hundred average citizens, working men and women in the cities and on the farms. Let us not destroy ourselves in our zeal to aid someone else, frequently less needy than ourselves. Let us analyze the claims of the demagogues and opportunists. The bill would not have been slaughtered by Congress if it had any claim to a statutory existence.

Since I have voted for every farm bill in the last two sessions, I cannot be charged with either bias, sectionalism, or provincial narrowness. Having aided the measure toward consideration, I would have voted for it on final passage if it had any redeeming features or merit.

RURAL ELECTRIFICATION

Mr. RAYBURN submitted a conference report on the bill (S. 3483) to provide for rural electrification, and for other purposes.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. SNELL. Mr. Speaker, I object.

Mr. SADOWSKI. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. SNELL. Mr. Speaker, I object.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include therein a speech I delivered before the American Judicature Society at the Mayflower Hotel on the evening of May 6, 1936.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. SNELL. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARTIN of Colorado. On yesterday was not unanimous consent granted for all Members who spoke on the bill to revise and extend their remarks?

The SPEAKER. The Chair is so advised. On yesterday all Members of the House were granted 5 legislative days within which to extend their own remarks on the Frazier-Lemke bill.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that on tomorrow, following the gentleman from North Carolina [Mr. HANCOCK], I may be permitted to address the House for 20 minutes.

Mr. MAVERICK and Mr. BURDICK objected.

NAVAL AIR STATION, MIAMI, FLA.

Mr. VINSON of Georgia submitted a conference report on the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station, and to authorize the construction and installation of a naval air station thereon.

COMPENSATION OF CERTAIN EMPLOYEES OF RAILWAY MAIL SERVICE

Mr. BURCH submitted the following conference report on the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same.

T. G. BURCH,
FRED H. HILDEBRANDT,
A. WILLIS ROBERTSON,
I. H. DOUTRICH,
PHILIP A. GOODWIN,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
LYNN J. FRAZIER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections of offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill (H. R. 10267) authorizes and directs the Postmaster General to adjust the compensation of officials in the Railway Mail Service to correspond, so far as may be practicable, to the rates

established by the Classification Act of 1923, as amended, for positions in the departmental service in the District of Columbia. At hearings on the bill the House committee was advised concerning the suggestion of the Director of the Bureau of the Budget that the phrase "with the concurrence of the Civil Service Commission" be added after "Postmaster General", on page 1, and this amendment was accordingly included in the bill and passed by the House. The Senate amendment struck out this phrase, and the House conferees have agreed to the change made by the Senate.

T. G. BURCH,
FRED H. HILDEBRANDT,
A. WILLIS ROBERTSON,
I. H. DOUTRICH,
PHILIP A. GOODWIN,
Managers on the part of the House.

CHARLESTON ARMY BASE TERMINAL, CHARLESTON, S. C.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C., insist on the House amendment, and agree to the conference asked for by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BLAND, SIROVICH, and WELCH.

PERMISSION TO ADDRESS THE HOUSE

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to proceed for 15 seconds.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to proceed for 15 seconds. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend and revise the remarks I am going to make.

Mr. SNELL. Mr. Speaker, to that I object.

The SPEAKER. Objection is heard. The time of the gentleman has expired.

ELECTION TO COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House Resolution 512

Resolved, That the following-named Members be, and they are hereby, elected members of the standing committees of the House of Representatives, as follows:

Patents, WILLIAM P. CONNERY, Jr., Massachusetts. Immigration and Naturalization, R. A. GREEN, Florida.

The resolution was agreed to.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 11687) to amend the Federal Aid Highway Act approved July 11, 1916, as amended and supplemented, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CARTWRIGHT, WARREN, WHITTINGTON, TURPIN, and WOLCOTT.

CAPTURE OF SAM COKER

Mr. DOBBINS. Mr. Speaker, by direction of the chairman of the Committee on the Post Office and Post Roads, and concurred in by the chairman of the Committee on the Judiciary, I ask unanimous consent that the Committee on the Post Office and Post Roads be discharged from the further consideration of House Resolution 508 and that the same be referred to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, I now renew my request that I be allowed to address the House for 20 minutes after the disposition of business on the Speaker's table tomorrow morning and after the address of the gentleman from North Carolina [Mr. HANCOCK].

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that on tomorrow immediately after the reading of the Journal and disposition of business on the Speaker's table, following the special order now pending, he may be permitted to address the House for 20 minutes. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I object.

PAYMENT OF BENEFITS BY THE VETERANS' ADMINISTRATION

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. RICH. Mr. Speaker, reserving the right to object, and I am not going to object, but I think the House is in no mood to transact business orderly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection; and the Chair appointed as conferees Mr. MEAD, Mr. DOBBINS, Mr. HAINES, Mr. GOODWIN, and Mr. DOUTRICH.

PERMISSION TO ADDRESS THE HOUSE

Mr. DIMOND. Mr. Speaker, I ask unanimous consent that on Friday of this week after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alaska?

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I think I made a proper request, and I do not know why one Member should be allowed to speak and another Member should be denied the privilege. I asked twice this afternoon to be allowed to speak on tomorrow after the disposition of business on the Speaker's table, and objection has been made. Of course, I have no particular objection to the gentleman from Alaska speaking, but I should like to have fair treatment, and I shall be forced to object.

The SPEAKER. Objection is heard.

Mr. TREADWAY. Mr. Speaker, I did not object.

Mr. RICH. Mr. Speaker, I make the point of no quorum.

The SPEAKER. Will the gentleman withhold that a moment?

Mr. RICH. I withhold it, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MORITZ, for 5 days, on account of official business.

To Mr. PERKINS (at the request of Mr. POWERS) on account of illness.

To Mr. MANSFIELD, for 3 days, on account of illness.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered.

The SPEAKER. The gentleman from Pennsylvania [Mr. RICH] makes the point of order there is no quorum present.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 46 minutes p. m.) the House adjourned until tomorrow, Thursday, May 14, 1936, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KING: Committee on Military Affairs. H. R. 10712. A bill to authorize the transfer of land from the War Department to the Territory of Hawaii; with amendment (Rept. No. 2623). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 11643. A bill to amend certain provisions of the act of March 7, 1928 (45 Stat. L. 210–212); without amendment (Rept. No. 2624). Referred to the Committee of the Whole House on the state of the Union.

Mr. TURNER: Committee on Military Affairs. H. R. 9875. A bill to provide $50,000 for the care, maintenance, and improvement of the ancestral home of James K. Polk, and for other purposes; without amendment (Rept. No. 2625). Referred to the Committee of the Whole House on the state of the Union.

Mr. WEAVER: Committee on the Judiciary. House Joint Resolution 377. Joint resolution to enable the States of Maine, New Hampshire, New York, Vermont, Massachusetts, Rhode Island, and Connecticut to conserve and regulate the flow of and purify the waters of rivers and streams whose drainage basins lie within two or more of the said States; without amendment (Rept. No. 2626). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 12657. A bill to amend section 2 of the act entitled "An act granting the consent of Congress to the Alabama State Bridge Corporation to construct, maintain, and operate bridges across the Tennessee, Tombigbee, Warrior, Alabama, and Coosa Rivers, within the State of Alabama", approved May 26, 1928; without amendment (Rept. No. 2627). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 11792. A bill declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream; without amendment (Rept. No. 2629). Referred to the House Calendar.

Mr. MONAGHAN: Committee on Interstate and Foreign Commerce. S. 3885. An act to further extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak.; without amendment (Rept. No. 2630). Referred to the House Calendar.

Mr. MONAGHAN: Committee on Interstate and Foreign Commerce. S. 3945. An act to extend the times for commencing and completing the construction of certain free highway bridges across the Red River, from Moorhead, Minn., to Fargo, N. Dak.; without amendment (Rept. No. 2631). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 11820. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Miami, Mo.; without amendment (Rept. No. 2632). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 11819. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; without amendment (Rept. No. 2633). Referred to the House Calendar.

Mr. MARTIN of Colorado: Committee on Interstate and Foreign Commerce. H. R. 11960. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Rulo, Nebr.; with amendment (Rept. No. 2634). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 12461. A bill to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; with amendment (Rept. No. 2635). Referred to the House Calendar.

Mr. MARTIN of Colorado: Committee on Interstate and Foreign Commerce. H. R. 12056. A bill authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr.; without amendment (Rept. No. 2636). Referred to the House Calendar.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. S. 4524. An act to provide a civil government for the Virgin Islands of the United States; without amendment (Rept. No. 2637). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. H. R. 12608. A bill to fix the ratio of substitutes to regular employees in post offices and in the Railway Mail Service; with amendment (Rept. No. 2638). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLE of Maryland: Committee on Interstate and Foreign Commerce. H. R. 12514. A bill authorizing the Chesapeake Bay Authority to construct, maintain, and operate a toll bridge across the Chesapeake Bay, from a point in Baltimore County, Md., over Hart Island and Miller's Island to a point near Tolchester, Kent County, Md.; with amendment (Rept. No. 2639). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 12473. A bill authorizing the State Highway Board of the State of Georgia to construct, maintain, and operate a free highway bridge across the Savannah River at or near Augusta, Ga.; with amendment (Rept. No. 2640). Referred to the House Calendar.

Mr. HOLMES: Committee on Interstate and Foreign Commerce. S. 4326. An act granting the consent of Congress to the Department of Public Works of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Northampton, Mass.; without amendment (Rept. No. 2641). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 12685. A bill granting the consent of Congress to the county of Horry, S. C., to construct, maintain, and operate a free highway bridge across the Waccamaw River, at or near Red Bluff, S. C.; without amendment (Rept. No. 2642). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 3107. An act to exempt publicly owned interstate highway bridges from State, municipal, and local taxation; without amendment (Rept. No. 2643). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H. R. 12680. A bill to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes; with amendment (Rept. No. 2651). Referred to the Committee of the Whole House on the state of the Union.

Mr. DUFFY of New York: Committee on the Judiciary. S. 2303. An act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended and supplemented; without amendment (Rept. No. 2652). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TURNER: Committee on Military Affairs. S. 4391. An act authorizing certain officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered; with amendment (Rept. No. 2628). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12700. A bill granting pensions to certain soldiers of the

Civil War; without amendment (Rept. No. 2647). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12701. A bill granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War; without amendment (Rept. No. 2648). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12702. A bill granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War; without amendment (Rept. No. 2649). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12703. A bill granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War; without amendment (Rept. No. 2650). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOXEY: A bill (H. R. 12693) authorizing the Secretary of Agriculture to provide for the classification of cotton, to furnish information on market supply, demand, location, condition, and market prices for cotton, and for other purposes; to the Committee on Agriculture.

By Mr. AYERS: A bill (H. R. 12694) to authorize the Secretary of Agriculture to extend and renew for the term of 10 years a lease to the Chicago, Milwaukee, & St. Paul Railway Co. of a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, and for a right-of-way to said tract, for the removal of gravel and ballast material, executed under the authority of the act of Congress approved June 9, 1926; to the Committee on Agriculture.

By Mr. CHANDLER: A bill (H. R. 12695) relating to sales and contracts to sell in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL: A bill (H. R. 12696) authorizing the Postmaster General of the United States to issue a series of special postage stamps in commemoration of the services of Commodore John Barry in the Revolutionary Navy; to the Committee on the Post Office and Post Roads.

By Mr. PATMAN: A bill (H. R. 12697) to establish the monetary policy of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. SCRUGHAM: A bill (H. R. 12698) relating to the establishment and operation of grazing districts in the State of Nevada; to the Committee on the Public Lands.

By Mr. McLEOD: A bill (H. R. 12699) to amend section 4900 of the Revised Statutes (U. S. C., title 35, sec. 49); to the Committee on Patents.

By Mr. BARRY: Joint resolution (H. J. Res. 587) to extend the time within which applications may be filed under the Home Owners' Loan Act of 1933, as amended; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LESINSKI: A bill (H. R. 12700) granting pensions to certain soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12701) granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12702) granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12703) granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War; to the Committee on Invalid Pensions.

By Mr. CROWE: A bill (H. R. 12704) granting a pension to Isaac A. Chandler; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 12705) for the relief of James Wood; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 12706) granting a pension to Millard Mitchell Sapp; to the Committee on Pensions.

By Mr. SNYDER of Pennsylvania: A bill (H. R. 12707) for the relief of W. A. Merrill Sons & Co., Inc.; to the Committee on Claims.

By Mr. THOMAS: A bill (H. R. 12708) granting an increase of pension to Mary C. Hoyt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12709) granting an increase of pension to Euphemia Trumbull; to the Committee on Invalid Pensions.

By Mr. UTTERBACK: A bill (H. R. 12710) to provide for the advancement on the retired list of the Navy of Frederick D. Powers; to the Committee on Naval Affairs.

Also, a bill (H. R. 12711) granting a pension to Glennie Edwinson; to the Committee on Invalid Pensions.

By Mr. WHELCHEL: A bill (H. R. 12712) for the relief of Hoyt G. Barnett; to the Committee on Claims.

Also, a bill (H. R. 12713) for the relief of Mr. and Mrs. Jerry Martin Tow; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10880. By Mr. CRAWFORD: Petition of Henry Cowall and 90 residents of Shiawassee County, Mich., relative to issuance of currency; to the Committee on Banking and Currency.

10881. By the SPEAKER: Petition of Vicente Perrin and others; to the Committee on Ways and Means.

10882. Also, petition of the Federation of Citizens' Associations of the District of Columbia; to the Committee on Rules.

10883. Also, petition of the Southern Cotton Shippers' Association; to the Committee on Agriculture.

10884. By Mr. RISK: Resolution of the General Assembly of the State of Rhode Island, petitioning the President of the United States and Congress to maintain the Civilian Conservation Corps at its present quota of 500,000 men for another year; to the Committee on Appropriations.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 14, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most merciful God, in this stillness while we bow, forgive us our sins. O bless the Lord all ye people and make the voice of his praise to be heard. He ruleth by his power; His eyes behold the nations; let not the unrighteous exalt themselves. Let us learn to trust Thee, our Heavenly Father, and to fill our places and enjoy goodly things in the spirit of unquestioning faith and gratitude. O lead us in upon the certitude of the soul and help us to a more restful and calming prospect. Inspire us, blessed Lord, with the redeeming love that saves, with the strengthening grace that sustains, and with the providential guidance that keeps us in the way. The mercy of the Lord is from everlasting to everlasting and his righteousness unto children's children. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 12162. An act to create an additional division of the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title: